Supreme Court, U.S.
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Supreme Court of the United States

OCTOBER TERM, 1996

RMC INTERNATIONAL, LTD., a corporation,
MICHAEL RESMO, an individual,
JOSEPH MALAGA, an individual,
Petitioners,

vs.

SENGOKU WORKS, LTD., a corporation,
Respondent.

PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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100 pp

QUESTIONS PRESENTED

1. Whether granting trademark rights under Section 43(a) of the Lanham Act in a product shape that was in the public domain violates Article I, § 8, cl. 8 of the Constitution.

2. Whether product shape trademark rights can be created in the overall appearance of a predominately functional mechanical device by adding nonfunctional graphics to the device and, if so, can the functional features be considered when deciding secondary meaning and likelihood of confusion.

3. Whether it is proper to instruct a jury that a foreign manufacturer of a product is the presumed owner of a trademark in cases where the distributor has a federal registration of the mark and is entitled to the presumption of ownership under the Lanham Act, Title 15 U.S.C. §§ 1057(b) and 1115(a).

LIST OF PARTIES TO PROCEEDING AND STATEMENT PURSUANT TO RULE 29.6

The parties to this proceeding are Petitioners, RMC International, Ltd., a Colorado corporation, Michael Resmo, an individual, and Joseph Malaga, an individual, appellants below. The Respondent is Sengoku Works, Ltd., a Japanese corporation, appellee below.

RMC has no parent companies and has no nonwholly owned subsidiaries.

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PETITION FOR WRIT OF CERTIORARI

Petitioners, RMC INTERNATIONAL, LTD., MICHAEL RESMO, and JOSEPH MALAGA, (hereinafter referred to jointly as "RMC"), petition this Court for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case.

OPINIONS BELOW

The unpublished opinion of the Ninth Circuit is reprinted herein as Appendix A. The published opinion of the Ninth Circuit is reported at 96 F.3d 1217 (9th Cir. 1996) and is reprinted herein as Appendix B.

JURISDICTION

The Ninth Circuit entered judgment on September 20, 1996. RMC filed a petition for rehearing which was denied on November 13, 1996. (Appendix D herein). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1). The basis for federal jurisdiction in the court of first instance was 28 U.S.C. § 1331; 28 U.S.C. § 1367; and 15 U.S.C. § 1121.

CONSTITUTIONAL PROVISIONS INVOLVED

Article I, § 8, cl. 8 of the United States Constitution

The Congress shall have the power:
To promote the progress of science and the useful arts by securing for limited times to

authors and inventors the exclusive right to their respective writings and discoveries.

FEDERAL STATUTES INVOLVED

This case involves the following statutory provisions, which are fully quoted in Appendix F herein.

15 U.S.C. § 1125(a) (Lanham Act, Section 43 (a))
15 U.S.C. § 1057(b)
15 U.S.C. § 1115(a)

STATEMENT OF THE CASE

The law relating to federal trademark protection for the shape of a product remains one of the most important areas of federal intellectual property law that this Court has not addressed.[1] This Court's recent decision in *Qualitex Co. v. Jacobson Products Co.*, Inc., __U.S.__, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995), dealt with trademark protection for color, not product shapes. This Court's decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992) dealt with the appearance of a restaurant, as opposed to an article of manufacture such as a kerosene heater. Protecting product shapes as trademarks can prevent the use of the product itself, and therefore, product shape trademarks are distinguishable from all other types of trademarks.

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[1]*See Kohler Co. v. Moen Inc.*, 12 F.3d 632, 644 (7th Cir. 1993) (Cudahy, J., dissent) ("This [product shape protection] is a crucially important issue for the maintenance of a free and competitive economy.")

The petitioners ask this Court to address whether federal trademark protection under Section 43(a) of the Lanham Act is available for the overall shape of a portable kerosene heater which consists of a combination of functional features that were used in the same combination by others prior to Sengoku, and whether the functional features can be relied on to establish secondary meaning and a likelihood of confusion. The petitioners also ask this Court to address whether the statutory presumption of trademark ownership granted to owners of federally registered trademarks under Lanham Act §§ 1057(b) and 1115(a) should be given as a jury instruction in a dispute regarding the ownership of a federally registered trademark or whether it is proper to instruct the jury that the foreign manufacturer is the presumed owner.

I. Background

RMC is an importer of a variety of consumer products including the portable kerosene heaters at issue in this case. RMC purchased its heaters exclusively from Sengoku from 1985 through 1993. The Sengoku manufactured heater at issue, as shown in Figure 1, is a portable radiant kerosene heater with a removable cartridge fuel tank.

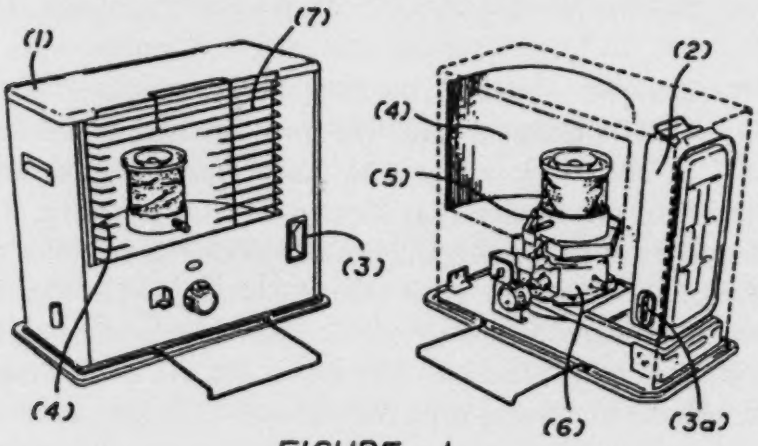

FIGURE 1

The Sengoku manufactured heater has a rectangular external casing (1). (App. G1). The removable fuel tank (2) stands upright inside the right hand side of the heater. The heater has a fuel gauge opening (3) on the right hand side of the heater. The fuel gauge opening is aligned with the fuel gauge (3a) attached to the fuel tank. To accommodate the fuel tank on the right hand side, the burner chamber (4) is shifted to the left. The external casing encases the fuel tank, burner chamber, burner (5) and the mechanism that operates the burner (6). The heater has a protective grill (7) which extends across the front of the burner chamber.

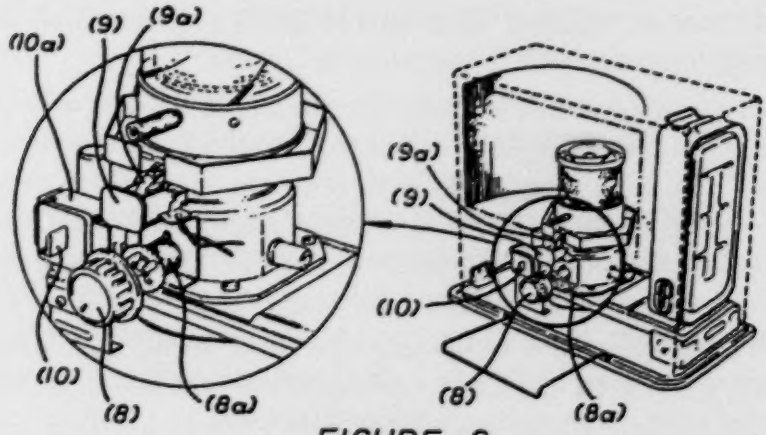

FIGURE 2

As shown in Figure 2, the Sengoku manufactured heater has a wick adjustment knob (8) in the center of the front panel. The wick adjustment knob operates the wick adjustment mechanism (8a) located directly behind it. The heater has a push button ignition switch (9) in the center of the front panel above the wick adjustment knob. The ignition button is attached directly to the ignition mechanism (9a) located directly behind it and above the wick adjustment mechanism. The heater has a shut off lever (10) located to the

left of the wick adjustment knob. The shut off lever operates the shut off mechanism (10a) located directly behind it.

Sengoku conceded at trial that the shape it was claiming was its trademark was once in the public domain, but contended that it had removed the shape from the public domain as its exclusive trademark. (App. H9-H10). The uncontroverted evidence at trial established that heaters having the same functional features, combined in the same way, were manufactured and sold by other manufacturers prior to Sengoku manufacturing and selling its first heater having the shape at issue. (App. G4, G5, and G6). These other manufacturers included Fukushin Electric Co., Ltd., Sanyo, and Turco. The Sanyo heater, for example, was sold in the United States from 1980 to 1987/88. The Sengoku manufactured heater with the shape at issue was first shipped into the United States in 1986. Thus, the Sengoku and Sanyo heaters were sold concurrently in the United States for at least two years, with Sanyo using the same design for at least six years before Sengoku.

Sengoku admitted that the shape of the heater at issue consists of a combination of functional components. (App. A8). Sengoku's witness also testified that the switches were in their respective positions because they operated the mechanisms they were attached to and their placement made the most sense from a manufacturing efficiency point of view. (App. H6-H8).

The Sengoku manufactured heaters that RMC sold were painted tan and had a large blue stripe across the front panel. (App. G1). The heaters bore RMC's federally registered trademark *KeroHeat*. The agreement between the parties provided that the heaters were "RMC's models," that the heaters were being made to "RMC's specifications," and that

Sengoku "could not change the design without prior written consent from RMC." Over the years Sengoku had acknowledged several times in writing, including a verified interrogatory response, that *KeroHeat* was RMC's trademark. (App. I1-I2). RMC was the only company identified by name on the packaging and enclosed instruction manual and RMC handled all consumer inquiries and warranty work.

When Sengoku's quality began to fail, RMC made arrangements to purchase heaters from another manufacturer, Wooshin. The Wooshin heaters had the same mechanical features, however, RMC changed the paint and graphics. The side and back panels on the Wooshin heater were painted white and the front panel was painted blue with a large white stripe. (App. G2). When Sengoku learned of the RMC-Wooshin relationship, Sengoku filed its complaint in this action alleging various causes of action, including a cause of action for product shape trademark infringement and a claim for cancellation of RMC's federal trademark registration for *KeroHeat*, the two claims relevant here.

II. Proceedings Below

Sengoku served its complaint in June 1994 along with a motion for a preliminary injunction. The complaint and preliminary injunction papers defined the product shape trademark as consisting of: "[T]he overall shape of the product, positioning of the instrumentation, lettering, model number designations, pattern of the graphic design, and color combination." The District Court granted Sengoku's motion, enjoined RMC from selling any kerosene heater which was "confusingly similar" to the overall appearance of the Sengoku manufactured heater, and enjoined RMC from using its *KeroHeat* trademark. (App. E1-E2). RMC appealed to the Ninth Circuit on the grounds that there had not been a

sufficient showing of a likelihood of success on the merits and that the injunction was impermissibly vague. The Ninth Circuit denied RMC's appeal, holding that the injunction was not an abuse of discretion. (App. E3-E4).

After the District Court announced its decision to issue the preliminary injunction, RMC immediately began to redesign the Wooshin manufactured heater. RMC changed the color of the Wooshin manufactured heater to all white. (App. G3). RMC changed the shape of the shut off switch and ignition button. RMC changed its trademark from *KeroHeat* to *Dyna-Glo* and moved the placement of the trademark to the opposite side of the front panel. RMC used a different style typeface for its *Dyna-Glo* trademark and rearranged the warning labels.

After RMC changed the appearance of its heaters, Sengoku changed the definition of its trademark and moved to have RMC found in contempt. Sengoku abandoned color and graphics and the shape of the switches as a part of its trademark, arguing that they were "of little significance." Sengoku represented in its moving papers: "From the very beginning, this case involved protection of the overall design of the heater itself; not color. Regardless of the color, the overall shape and design of the heaters remain confusingly similar."

At the contempt hearing Sengoku argued that its product shape trademark consisted of a rectangular heater with the heater cavity offset in the upper left-hand corner with the wick adjustment knob in the middle of the front panel, the ignition button above the wick adjustment knob and the shut

off lever to the left of the wick adjustment knob. (App. H2-H3).[2]

Though the District Court stated that it had no doubt that RMC had attempted in good faith to comply with the injunction (App. H3-H4), the District Court found RMC's *Dyna-Glo* heaters in contempt of the preliminary injunction on the ground that the changes were not sufficient to avoid a likelihood of confusion and ordered a recall of all of RMC's *Dyna-Glo* heaters. (App. E5-E8). RMC appealed the contempt order to the Ninth Circuit. The Ninth Circuit dismissed the appeal on the ground that it was not ripe. (App. E9). Sengoku stayed with the broad definition of its trademark used during the contempt hearing in its interrogatory responses, its opposition to RMC's pre-trial motion for summary judgment and throughout trial. (App. J2, K2). According to Sengoku the rectangular shape of the heater with the burn chamber offset to the left was the "dominant" feature of its trademark. (App. K2).

The case was tried to a jury. The District Court instructed the jury that it could infer secondary meaning from copying. Although the District Court mentioned that a valid trademark registration was a factor that the jury could consider on the issue of trademark ownership, the District Court instructed the jury that: "the law presumes that the foreign manufacturer is the owner or [sic] the trademark and/or trade dress unless there is an agreement to the

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[2]This was a very important event during the proceedings below. The District Court had given a tentative finding at the beginning of the contempt hearing that RMC's *Dyna-Glo* heaters were not in contempt. (App. H1-H2). Sengoku emphasized the new definition of its product shape trademark to persuade the District Court to find RMC in contempt.

contrary." (App. M). The jury returned a verdict in favor of Sengoku on the product shape trademark and *KeroHeat* ownership claims. The jury also found RMC's trademark infringement willful. The District Court denied RMC's post trial motions and entered judgment for Sengoku awarding $470,588 for trademark damages and $270,975 in attorneys fees, and entered a permanent injunction prohibiting the sale of a "confusingly similar heater." (App. C1-C2).

RMC appealed both the product shape and *KeroHeat* trademark claims to the Ninth Circuit. Once on appeal, Sengoku again changed its position on what constituted Sengoku's product shape trademark. In its appeal brief, Sengoku retreated back to arguing that color was a part of its trademark. (App. L1-L2). On September 20, 1996 the Ninth Circuit issued two decisions. In an unpublished decision, the Court held that the shape of the heaters at issue, the partial grill and removable cartridge tank on the right were functional and not entitled to trademark protection:

> [u]pon comparing all the various heater designs depicted in the record, we conclude that there is a limited number of basic configurations . . . awarding trade dress protection for Sengoku's basic design -- a rectangular heater, with a partial grill and the removable cartridge tank on the right -- could seriously impede competition.

(App. A8-A9). The Ninth Circuit's holding should have resulted in a verdict for RMC in view of Sengoku's position of what constituted its trademark at the contempt hearing, in its interrogatory answer, summary judgment and at trial. The Ninth Circuit found the "dominant" feature of Sengoku's trademark functional. The Ninth Circuit, however, relied on Sengoku's complaint and held Sengoku was claiming more

than the shape of the heater and partial grill and placement of the cartridge tank as its trade dress:

> Nevertheless, Sengoku has not claimed protection of merely its basic design, but has instead defined in detail the combination and arrangement of features it seeks to protect. Sengoku seeks to protect every aspect of its trade dress, including the arrangement and color of the knobs, switches and controls, the shape and color of the heater and each of its components, and the look and configuration of the labeling.[3]

(App. A9). The Ninth Circuit relied on features that it found were functional to establish secondary meaning (App. A5-A6) and a likelihood of confusion (App. A7). In a published decision, the Ninth Circuit affirmed the District Court's trademark ownership instruction. (App. B).

REASONS FOR GRANTING THE PETITION

I. Removing Product Shapes From the Public Domain as Trademarks Violates Article I, § 8, cl. 8 of the Constitution

The decision of the Ninth Circuit to grant trademark rights under the Lanham Act to a product shape that was in

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[3]RMC petitioned for rehearing on the ground that the Ninth Circuit's used a different definition of Sengoku's product shape trademark on appeal than was used during trial and that this was improper. *Singleton v. Wulff*, 428 U.S. 106, 120, 96 S.Ct. 2868, 2877, 49 L.Ed.2d 826 (1976); *Hormel v. Helvering*, 312 U.S. 552, 556, 61 S.Ct. 719, 721, 85 L.Ed. 1037 (1941). The Ninth Circuit denied RMC's petition for rehearing without explantion. (App. D).

the public domain conflicts with Art. I, § 8, cl. 8, of the Constitution, the patent laws and the precedents of this Court. In the *Sears* and *Compco* decisions, this Court held that state unfair competition law could not forbid copying of a product's shape because to do so "would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain." *Compco Corp. v. Day-Bright Lighting*, 376 U.S. 234, 237, 84 S.Ct. 779, 789, 11 L.Ed.2d 669 (1964); *Sears, Roebuck & Co. v. Stiffel*, 376 U.S. 225, 231, 84 S.Ct. 784, 789, 11 L.Ed.2d 661 (1964) ("An unpatented article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so."); *see also, Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 156, 109 S.Ct. 971, 980, 103 L.Ed.2d 118 (1989) ("[W]e have consistently reiterated the teaching of *Sears* and *Compco* that ideas once placed before the public without the protection of a valid patent are subject to appropriation without significant restraint.") Granting trademark protection for the shape of a product that was in the public domain under the Lanham Act gives rise to the very same conflicts with the Constitution and patent laws as does protecting product shapes under state unfair competition law.

The right to copy that which is in the public domain is found in Art. I, § 8, cl. 8, of the Constitution. Art. I, § 8, cl. 8 of the Constitution is "a limitation" on Congress' power which prohibits Congress from passing laws that remove information from the public domain, or restricts free access to materials already available. *Graham v. John Deere Co.*, 383 U.S. 1, 6, 86 S.Ct. 684, 687, 15 L.Ed.2d 545 (1966):

> The Congress in the exercise of the patent power may not overreach the restraints imposed by the

> stated constitutional purpose. Nor may it enlarge the patent monopoly without regard to the innovation, advancement or social benefit gained thereby. Moreover, Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available. Innovation, advancement, and things that add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must 'promote the Progress of *** useful Arts.' This is the *standard* expressed in the Constitution and it may not be ignored.

Granting trademark protection to a public domain product's shape removes existent knowledge from the public domain and restricts free access to materials already available, without providing any innovation, advancement, social benefit, or progress of science and the useful arts. This is the very same conflict with the Constitution and patent laws that this Court held were intolerable in *Sears* and *Compco*.[4]

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[4]It was once "well-settled that shapes of products in the public domain may be freely copied." *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1438 (3d Cir. 1994); *American Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F.2d 1136, 1140 (3d Cir. 1986); *and see* Hopkins, *The Law of Trademarks, Trade Names and Unfair Competition*, §47 (2d ed. 1905) ("It is obvious that if a commercial article itself could constitute a trademark, there would be little use for patent laws."); *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1190 (7th Cir. 1989); *Wallace International Silversmiths, Inc. v. Godinger Silver Art Co., Inc.*, 916 F.2d 76, 81 (2d Cir.), *cert. denied*, 499 U.S. 976, 111 S.Ct. 1622, 113 L.Ed.2d 720 (1990).

Product shape trademark protection under the Lanham Act offers the broadest potential protection of any federal intellectual property right while having the lowest possible standard to establish those rights and providing the least notice to the public that any such rights exist. While a patent requires a genuine "invention" or "discovery," *Sears*, 376 U.S. 229-32, a product's shape need not be new, novel, nonobvious or original to qualify for trademark protection under the Lanham Act. While the patent laws require inventorship, the alleged owner of a product shape trademark need not be the inventor of the design. While patents have a limited term, a product shape trademark under the Lanham Act can last forever. While the patent laws also provide that unpatented products may be freely copied, *Sears*, 376 U.S. at 229-32; *Compco*, 376 U.S. at 237, the courts will infer both secondary meaning and a likelihood of confusion from copying in trademark cases. (App. A6-A7).

While patents are strictly construed when enforced, *Sears*, 376 U.S. at 229-32, the injunction in this case vaguely enjoined RMC from making a "confusingly similar" design without defining the product shape trademark. (See, e.g., App. E2). While patents must contain claims which set forth the invention with particularity so the public will know the scope of the rights conferred, under Section 43(a) a product shape trademark need not be registered and therefore the public may have no idea of any claim of trademark rights or their scope. *See Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1508 (10th Cir. 1995), *cert. denied*, ___ U.S. ___, 116 S.Ct. 753, 133 L.Ed.2d 700 (1996), *quoting, Bonito Boats* ("[the] federal patent scheme allows public to ascertain status of intellectual property embodied in a manufacture or design, and '[t]he public may rely on the lack of notice in exploiting shapes and designs accessible to all'.")

Thus, the same impermissible encroachment on the federal patent system addressed in *Sears* and *Compco* arises when the Lanham Act is interpreted to give protection to product shapes. *See also, Bonito Boats, supra*, 489 U.S. at 156:

> At the heart of *Sears* and *Compco* is the conclusion that the efficient operation of the federal patent system depends upon substantially free trade in publicly known, unpatented design and utilitarian conceptions. . . . Both the novelty and the non-obviousness requirements of federal patent law are grounded in the notion that concepts within the public grasp, or those so obvious that they readily could be, are the tools of creation available to all. . . . Moreover, through the creation of patent-like rights, the States could eventually redirect inventive efforts away from the careful criteria of patentability developed by Congress over the last 200 years.

Congress cannot enact trademark laws which violate the Constitutional purpose of Art. I, § 8, cl. 8. *See Railway Labor Executives Ass'n. v. Gibbons*, 455 U.S. 457, 468-9, 102 S.Ct. 1169, 1176, 71 L.Ed.2d 335 (1982) (Congress could not enact bankruptcy laws under the Commerce Clause which conflicted with the limitations on Congress' power under the Bankruptcy Clause of the Constitution.) Further, the Courts cannot interpret Section 43(a) of the Lanham Act as providing for the protection of product shapes that are in the public domain without violating Art. I, § 8, cl. 8, of the Constitution. *See Feist Publications v. Rural Telephone Service Co., Inc.*, 499 U.S. 340, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991) (Circuit Court's interpretation of the Copyright Act to give protection to works lacking in "originality"

violated Art. I, § 8, cl. 8). *Cf. Vornado, supra,* 58 F.3d at 1507-10 (Holding that Lanham Act cannot be intrepreted to give trademark protection to patented component of a product because to do so would conflict with the patent laws.); *see also,* Gleiberman, *From Fast Cars to Fast Food: Overbroad Protection of Product Trade Dress Under Section 43(a) of the Lanham Act,* 45 Stan. L. Rev. 2037, 2061 (1993). As Judge Cudahy stated in his dissent in *Kohler,* 12 F.3d at 651:

> If the issue before us is a conflict between a well-defined statutory scheme (the design patent laws) enacted under a specific and limited constitutional directive (the Patent Clause) and a judicial doctrine (protection of product configurations as trademarks) only remotely incident to a general statutory scheme (the Lanham Act), the specific, constitutionally-mandated provisions should control. *See Morton v. Mancari,* 417 U.S. 535, 550-1, 41 L.Ed.2d 290, 94 S.Ct. 2474, 2482-83 (1974).

To allow Congress by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit Congress to block off from the public something which the Constitution has said belongs to the public. The result would be that, while patent law grants a limited term of protection to genuine inventions, Congress under the Lanham Act (or the Courts by interpreting the Lanham Act) could impermissibly allow perpetual protection to articles too lacking in novelty to merit any patent at all under federal constitutional standards. *See, e.g., Sears,* 376 U.S. 229-32. Thus, there is a clear conflict, on one hand, between the Constitution, the precedents of this Court, and the patent laws, which recognize a right to copy that which is in the

public domain, and, on the other hand, the interpretations of the Lanham Act by the Circuit Courts, which protect public domain product shapes and thereby prohibit the very right to copy the Constitution preserves. *See* Gleiberman, *supra*, 45 Stan. L. Rev. at 2061.

The Circuit Courts have attempted to resolve this conflict by arguing: (1) *Sears* and *Compco* related to federal preemption of state law and are therefore not relevant to federal trademark protection; (2) trademark protection is intended to prevent confusion; and (3) product shape protection requires proof of secondary meaning. *See Vornado, supra*, 58 F.3d at 1505 ("[W]e must acknowledge that distinguishing *Sears*, *Compco*, and/or *Bonito Boats* has become a veritable jurisprudential art form in recent years, in which we as well as many other courts have engaged."); *see Kohler*, 12 F.3d at 638-41; *see also*, Ninth Circuit's Opinion, fn. 2 (App. A5). The arguments do not resolve the conflict.

The *Sears* and *Compco* decisions were based upon the policy underlying Art. 1, § 8, cl. 8 of the Constitution. While Art. 1, § 8, cl. 8 of the Constitution is applicable to the States through the Supremacy Clause, it is *directly* applicable to Congress. If Art. 1, § 8, cl. 8 prohibits the States' unfair competition law from providing trademark protection for the shapes of products, then Congress is equally limited because Art. 1, § 8, cl. 8 is "a limitation" on Congress' power. *Graham, supra,* 383 U.S. at 6; *Railway Labor Executives, supra*, 455 U.S. at 468-69; *see also, Kohler, supra*, 12 F.3d at 646-47 (Cudahy, J., dissent); *Ferrari S.p.A. Esercizio v. Roberts*, 944 F.2d 1235, 1252-53 (6th Cir. 1991) (Kennedy, J., dissent), *cert. denied,* 505 U.S. 1219, 112 S.Ct. 3028, 120 L.Ed.2d 899 (1992).

Further, this Court has held that preventing confusion and proof of secondary meaning were not sufficient justification to permit the intolerable encroachment on the Constitution's preservation of the public's right to copy that which is in the public domain. *Compco*, 376 U.S. at 238. Moreover, proof of secondary meaning and a likelihood of confusion are no hurdle at all when they can be inferred from copying. See Ninth Circuit's Opinion (App. A6-A7 and cases cited therein).[5]

Prohibiting trademark protection of products under the Lanham Act eliminates the clear conflict between the Constitution, the patent laws, and the Circuit Court's interpretation of the Lanham Act. Confusion can be prevented by requiring labeling. *See Sears, supra*, 376 U.S. at 232. *See also, Vornado, supra*, 58 F.3d at 1509 (holding product shape rights could not be had in a device disclosed in an expired patent and that labeling could be used to eliminate confusion. "[The Lanham Act] has never provided absolute protection against all consumer confusion as to source or sponsorship."). Labeling was once considered enough to avoid a claim of unfair competition. *Life Savers Corp. v. Curtiss Candy Co.*, 182 F.2d 4, 8 (7th Cir. 1950) (When a seller of a product labels his products so that a purchaser exercising ordinary care can readily learn the source of the goods, it "has fairly discharged his duty to the public and to his rivals, and is

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[5]There is also considerable conflict among the Circuit Courts on whether secondary meaning can be inferred from copying product shapes. *See Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1453 (3d Cir. 1994); *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 658 (7th Cir. 1995), *cert. denied*, ___ U.S. ___, 116 S.Ct. 1044, 134 L.Ed.2d 191 (1996); *Sno-Wizard Mfg., Inc. v. Eisemann Products Co.*, 791 F.2d 423, 429 (5th Cir. 1986).

guiltless of that deceit which is an indispensable element of unfair competition.") Labeling preserves the Constitutional objective of protecting what is in the public domain while minimizing any potential confusion. *Vornado, supra*; *see also*, Gleiberman, 45 Stan. L. Rev. at 2069.[6]

Therefore, the Lanham Act cannot be interpreted to prevent the copying of product shapes that are in the public domain. This rule applies whether the product shape is nonfunctional, has acquired secondary meaning, or its use by another creates a likelihood of confusion. *Compco*, 376 U.S. at 238.[7]

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[6]A number of Courts have found no likelihood of confusion in product shape trademark cases in the presence of labeling. *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 383 (7th Cir. 1996); *Versa Products Co., Inc. v. Bifold Co. (Mfg.), Inc.*, 50 F.3d 189, 213 (3d Cir.), *cert. denied*, ___ U.S. ___, 116 S.Ct. 54, 133 L.Ed.2d 19 (1995); *Sno-Wizard, supra*, 791 F.2d at 429; *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1446 (Fed.Cir. 1984); *Fisher Stoves v. All Nighter Stove Works*, 626 F.2d 193, 195 (1st Cir. 1980); *Sunbeam Corp. v. Equity Industries Corp.*, 635 F. Supp. 625, 633 (E.D. Va. 1986), *aff'd* 811 F.2d 1505 (4th Cir. 1987); *Black & Decker, Inc. v. North American Philips Corp.*, 632 F. Supp. 185, 193 (D. Conn. 1986).

[7]The conflict between product shape trademarks and the patent laws arises whether or not the product's shape is functional. Nonfunctional designs are covered by design patents. Just as with utility patents, once a design patent expires, the product shape disclosed therein is in the public domain and free for all to use. Likewise, a nonfunctional product shape that is not capable of being protected under the design patent laws, because it is not novel or nonobvious, is in the public domain and is free to be copied. *See Compco, supra*, 376 U.S. at 238 ("That an article copied from an unpatented article could be made in some other way, that the design

(continued...)

II. Protecting Functional Product Features as Part of a Combination Trademark Violates the Functionality Doctrine

In the present case, the Ninth Circuit found that, although the components that make up the Sengoku manufactured heater were functional, when combined, they can be protected as a trademark. The Ninth Circuit's decision reflects a current trend in the law whereby trademark protection of purely functional product features is awarded by arguing that the functional features are a part of a product's "overall trade dress". The Ninth Circuit held that the functional features were protectable as part of the overall trade dress of the product.

> When determining functionality, the product's trade dress must be considered as a whole, *First Brands*, 809 F.2d at 1381, and 'functional elements that are separately unprotectable can be protected together as a part of a trade dress.' *Fuddruckers*, 826 F.2d at 842.

(App. A8). This view directly conflicts with the Federal Circuit and the *Restatement (Third) of Unfair Competition* at 17, comment b (1995).

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[7](...continued)
is 'nonfunctional' and not essential to the use of either article . . . neither these facts nor any others can furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling.") *See also Vornado, supra*, 58 F.3d at 1508 (patent law provides for the passing into the public domain even that what trade dress law would consider nonfunctional); *Kohler, supra*, 12 F.3d at 648 (Cudahy, J., dissent).

The Federal Circuit rule was expressed in *Textron, Inc. v. U.S. International Trade Commission*, 753 F.2d 1019, 1025 (Fed. Cir. 1985):

> The case law of this court and of its predecessor also establishes that before an overall product configuration can be recognized as a trademark, the *entire* design must be arbitrary or non *de jure* functional. . . . The reason for this rule is self-evident – the right to copy better working designs would, in due course, be stripped of all meaning if overall functional designs were accorded trademark protection because they included a few arbitrary and nonfunctional features. . . . In cases where the holders of such designs seek trademark protection, it can be obtained only for those features that are nonfunctional. (Citations omitted.)

See also, 1 McCarthy, *McCarthy on Trademarks and Unfair Competition* (4th Ed. 1996), § 7:76 at 7-157-8. ("In the author's opinion, giving trade dress protection to a combination of individually unprotectable parts raises the danger of trade dress law being stretched to create 'common law' patents or copyrights: creating intellectual property in areas intentionally left in the public domain by patent and copyright law. . . . Extreme caution is necessary in analyzing such combinations, lest trade dress law create exclusive rights where none should exist.")

Under Federal Circuit law the *entire* design must be nonfunctional. One cannot obtain overall trademark protection of a product merely by adding a few nonfunctional parts. Where the entire design is not nonfunctional, trademark rights can be had only in the nonfunctional parts

and only after it is established that those features have obtained secondary meaning and that their use by another manufacturer can cause a likelihood of confusion. Further, the party claiming trademark rights has the burden of showing that the functional features were combined in a nonfunctional way. *Elmer v. ICC Fabricating Inc.*, 67 F.3d 1571, 1579 (Fed. Cir. 1995).

Sengoku could not have any trademark rights under the Federal Circuit's view, as the *entire* design was not nonfunctional. The Ninth Circuit held that the rectangular shape of the heater with the burner chamber offset to the left was functional. (App. A8-A9). The knobs and switches are located in their respective positions for the functional reason that they are attached directly to the unpatented mechanisms they operate. (See Figures 1 and 2, *supra*; see also, App. A8; H6-H8). Thus, the *entire* design is not nonfunctional. There was no showing that any of the nonfunctional features of the Sengoku manufactured heater (i.e. the color scheme) had separately acquired secondary meaning. Thus, Sengoku could not have trademark rights in the heater at issue.[8]

A. Functional Features Cannot Be Used to Establish Secondary Meaning

In concluding that the shape of the heater at issue had obtained secondary meaning, the Ninth Circuit relied on an inference of secondary meaning that could by drawn by virtue

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[8]Even under the Ninth Circuit's view of the law in this case, no trademark rights were established. The Ninth Circuit's finding that the shape (which Sengoku contended was the "dominant" feature of its trademark) was functional established that the overall design was not primarily nonfunctional and therefore not entitled to trademark protection.

of RMC's copying the Sengoku manufactured heater and the testimony of the employees of Sengoku's current U.S. distributor that they can identify the manufacturer by the "shape" of the heater. (App. A6). [9] Yet, the Ninth Circuit held that the *shape* of the heater (including the rectangular shape with a partial grill offset to the left) was functional. In other words, RMC's use of functional features, the very right the functionality doctrine preserves, gave rise to a finding of secondary meaning.

It has long been recognized that functional features cannot be considered for the purposes of determining secondary meaning. 1 McCarthy, *supra*, § 7.66 at 7-129 to 7-131. Any consumer recognition that attaches to functional features is called "de facto secondary meaning" and cannot be considered when determining secondary meaning. *Id.*

> [A]s to some . . . shapes the courts will never apply the "secondary meaning" doctrine so as to create monopoly rights. The true basis of such holdings is not that they cannot or do not indicate source to the purchasing public, but that there is an over-riding public policy in preventing their monopolization, of preserving the right to copy. A certain amount of customer confusion may even

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[9]Testimony from self-interested parties or their employees is generally regarded as not probative of secondary meaning or a likelihood of confusion. *Cellular Sales, Inc. v. Mackey*, 942 F.2d 483, 486 (8th Cir. 1991); *815 Tonawanda Street Corp. v. Fay's Drug Co., Inc.*, 842 F.2d 643, 649 (2d Cir. 1988); *Gimix, Inc. v. JS & A Group, Inc.*, 699 F.2d 901, 907 (7th Cir. 1983); *Educational Development Corp. v. Economy Co.*, 562 F.2d 26, 30 (10th Cir. 1977); 2 McCarthy, *supra*, §15.40 (1996).

> be tolerated in order to give the public the advantages of free competition.

Application of Deister Concentrator Co., 289 F.2d 496, 503-04 (C.C.P.A. 1961).

Thus, "even though buyers may associate the functional shape with a single source, the separate policy of forbidding trademark protection prevails." 1 McCarthy, *supra*, § 7.66 at 7-130. This Court also discussed this principle in its recent decision in *Qualitex Co. v. Jacobson Products Co., Inc.*, *supra*, 115 S.Ct. at 1304:

> Functionality doctrine therefore would require, to take an imaginary example, that even if customers have come to identify the special illumination-enhancing shape of a new patented light bulb with a particular manufacturer, the manufacturer may not use that shape as a trademark, for doing so, after the patent had expired, would impede competition -- not by protecting the reputation of the original bulb maker, but by frustrating competitors' legitimate efforts to produce an equivalent illumination-enhancing bulb.

See also, Duraco, supra, 40 F.3d at 1453; *Dorr-Oliver, supra*, 94 F.3d at 383; *Thomas & Betts, supra*, 65 F.3d at 658.

The Ninth Circuit's decision accomplishes precisely what the Federal Circuit warned against in *Textron*. The Ninth Circuit gave perpetual trademark protection to a purely functional machine merely because it was painted with a

fanciful graphic design.[10] The Ninth Circuit's decision is contrary to the great weight of authority and shows how the functionality doctrine has eroded to the point that it offers no practical protection to competitors.

Thus, because there was no evidence that any non-functional feature of the *KeroHeat* heater trade dress served as an indicator of source, there was no evidence of secondary meaning.

B. Functional Features Cannot Be Considered When Deciding a Likelihood of Confusion

In finding a likelihood of confusion, the Ninth Circuit again relied on the functional features of the heater. Just as functional features cannot be used to establish secondary meaning they cannot be used to establish a likelihood of confusion. *See* 1 McCarthy, *supra*, § 7.66 at 7-129 to 7-131; *Application of Deister, supra*, 289 F.2d at 503-04.

The Ninth Circuit noted that "the layout of all the product components [between the *KeroHeat* and *Dyna-Glo* heaters] are nearly identical." The only components that are in common between the Sengoku manufactured *KeroHeat* and

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[10]The error in the Ninth Circuit's decision is apparent from the order in which the Ninth Circuit addressed the issues of secondary meaning, likelihood of confusion and functionality. The Ninth Circuit considered secondary meaning and likelihood of confusion before functionality. As a result, the Ninth Circuit relied on features it later determined were functional when it found secondary meaning and a likelihood of confusion. The Ninth Circuit should have first determined what was protectable (i.e. functional or nonfunctional) and then determined whether those features had acquired secondary meaning and whether their use by RMC was likely to cause confusion.

RMC's *Dyna-Glo* heaters are: the rectangular shape with a partial grill offset to the left, which the Ninth Circuit found to be functional; the arrangement of the switches which operate the unpatented mechanism and were admitted by Sengoku to be functional (App. A8; H6-H8); and the placement of the fuel gauge opening on the right hand side of the heater, which is functionally located in front of the fuel gauge which is attached to the fuel tank inside the heater. Each of these components separately and in combination are functional. The nonfunctional features of the Sengoku manufactured heater, such as the color and graphic scheme, do not exist in the *Dyna-Glo* heater.

Thus, in finding a likelihood of confusion, the Ninth Circuit relied on the similarity in functional components between the heaters. The Ninth Circuit found a likelihood of confusion even though RMC's *Dyna-Glo* heater did not have the nonfunctional components of the Sengoku manufactured heater's "trade dress." This approach improperly gives trademark protection to the functional features. *See* 1 McCarthy, *supra*, § 7:76 at 7-158 ("Of course, if the trade dress that is found infringed consists of a non-functional combination of individually functional features, then injunctive relief must be limited to the use of that combination. The individual features apart from that particular combination remain free for all competitors to use.") It is only logical that if one obtains trademark rights by arguing that the consuming public recognizes a specific combination of features as originating from a single source, then the consuming public will not be confused when that same combination does not appear in a competing product. *See Petersen Mfg. Co. v. Central Purchasing, Inc.*, 740 F.2d 1541, 1551 (Fed. Cir. 1984) (Rejecting argument that consumers who allegedly had come to rely on subtle details of a tool's appearance to

identify source could not distinguish other tools that had different features.)[11]

The Ninth Circuit's decision shows how easily the Constitional right to copy that which is in the public domain can be overcome. The functionality doctrine is easily overcome by the argument that the functional features are combined with paint or graphics. Secondary meaning is inferred from copying (though the copied features are functional) and the self-serving testimony of a company's salesman (not an ordinary consumer) that he can tell products apart by their shape. A likelihood of confusion is easily found by the similarity in appearance (due to the common use of functional features.) The Constitutional purpose of preserving the public domain should not be so easily overcome.

III. The Ninth Circuit's Decision Conflicts With The Statutory Presumption of Trademark Ownership

RMC was the presumed owner of the *KeroHeat* trademark by virtue of RMC's federal trademark registration. 15 U.S.C. §§ 1057(b) and 1115(a). Thus, the burden of proof was on Sengoku to introduce sufficient evidence to rebut RMC's presumption of ownership. The District Court

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[11] The Ninth Circuit's approach is another example of how product shape trademark protection offers greater rights than those awarded under the patent laws. The Ninth Circuit defined Sengoku's product shape trademark narrowly by including nearly every component of the heater (including color and graphics) when it addressed the issue of functionality, but defined the trademark broadly when it considered a likelihood of confusion. In patent cases, however, when an inventor narrows its claims to avoid the prior art, the inventor cannot argue for a broader interpretation of the patent's claims in a suit for patent infringement.

however instructed the jury that Sengoku, the manufacturer, was the presumed owner of the *KeroHeat* trademark. The Ninth Court affirmed the District Court's instruction, holding that where "neither party can establish priority of use, the presumption in favor of the manufacturer applies". (App. B9; see also, B7). This is not a correct statement of the law.

The owner of a federal registered trademark is entitled to a statutory presumption of ownership. *See Energy Jet, Inc. v. Forex Corp.*, 589 F. Supp. 1110, 1116-19 (E.D. Mich. 1984). Although the court in *Energy Jet* mentioned that a manufacturer of goods is generally presumed to be the owner, the court correctly gave Energy Jet, the owner of the federal registration, the statutory presumption of ownership. *Energy Jet*, 589 F. Supp. at 1116; *see also, Omega Nutrition U.S.A., Inc. v. Spectrum Marketing, Inc.*, 756 F. Supp. 435, 437-39 (N.D. Cal. 1991); *Ilapak Research & Development S.A. v. Record SpA*, 762 F. Supp. 1318, 1322-23 (N.D.Ill. 1991).

The Lanham Act, §§ 1057(b) and 1115(a), is clear and unambiguous. It expressly provides that the owner of a federal registration is the presumed owner of the trademark. The District Court's ownership instruction incorrectly gave Sengoku the presumption of ownership and placed the burden of proof on RMC, the registered owner. Misinstructing the jury on the respective burdens of proof is reversible error. *Carvalho v. Raybestos-Manhattan, Inc.*, 794 F.2d 454, 455 (9th Cir. 1986); *Boles Trucking, Inc. v. United States of America*, 77 F.3d 236, 241 (8th Cir. 1996); *Putnam Resources v. Pateman*, 958 F.2d 448, 471 (1st Cir. 1992); *Stevison By Collins v. Enid Health Systems, Inc.*, 920 F.2d 710, 714 (10th Cir. 1990); *Bersett v. K-Mart Corp.*, 869 F.2d 1131, 1135 (8th Cir. 1989). This is particularly true in close cases as the Ninth Circuit found this case to be. (App. B8).

While the evidence (including RMC's trademark registration, Sengoku's admissions of RMC's ownership of *KeroHeat*, RMC's nine years of customer service and identification on the heater and packaging) should have established RMC's ownership rights as a matter of law, at the very least the case should have been reversed for a new trial with the burden of proof properly assigned to Sengoku.

CONCLUSION

For the reasons set forth above, a writ of certiorari should issue to review the judgment and opinion of the Ninth Circuit.

Respectfully submitted,

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APPENDIX A

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

FILED
SEP 20, 1996
Cathy A. Catterson, Clerk
U.S. COURT OF APPEALS

SENGOKU WORKS LTD., a corporation,
Plaintiff-counter-defendant
Appellee/Cross-Appellant,
v.
RMC INTERNATIONAL, LTD., a corporation;
MICHAEL RESMO; JOSEPH MALAGA,
Defendants-counter-plaintiffs
Appellants/Cross-Appellees.

Nos. 95-55990, 95-56087
D.C. No. C-94-03197-ER
MEMORANDUM*

Appeal from the United States District Court
for the Central District of California
Edward Rafeedie, District Judge, Presiding

Argued and Submitted August 7, 1996
Pasadena, California

Before: REINHARDT, HALL, and LEAVY,
Circuit Judges

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* This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as provided by 9th Cir. R. 36-3.

RMC International Ltd., and its officers Michael Resmo and Joseph Malaga, appeal the district court's judgment, following a jury trial, in favor of Sengoku Works Ltd. for trademark and trade dress infringement under the Lanham Act, 15 US.C. §§ 1051-1127, and breach of contract under California law. RMC had served since 1985 as exclusive United States distributor of kerosene heaters manufactured by Sengoku, a Japanese corporation, and these charges arose in connection with RMC's decision to market kerosene heaters manufactured by Wooshin, a Korean corporation.

I

Sengoku sued RMC for breach of contract, claiming that there was a valid written contract whereby RMC agreed to act as Sengoku's exclusive U.S. distributor in 1994. RMC argues that there never was a signed written contract for 1994, and therefore, Sengoku's contract claim is barred by the Statute of Frauds. The real question, however, is whether a contractual agreement was ever reached by the parties.

Under the California Commercial Code, the parties may form a contract after reaching accord even though the terms of the offer and acceptance do not perfectly mirror one another, unless the offeree expressly conditioned his acceptance on the offeror's assent to the additional terms. Cal. Comm. Code § 2207; *see Steiner v. Mobil Oil Corp.*, 141 Cal.Rptr. 157, 163-64 (Cal. 1977) (noting that "section 2207 looks to the actual dealings of the parties," and "inquires as to whether the parties intended to complete an agreement.").

Sengoku sent a letter to RMC setting forth the basic terms of a proposed 1994 agreement, which included an exclusivity provision as in prior contracts and indicated the price terms for the year. The letter also stated: "If

RMC accept his [sic] way of business then Sengoku will ship the heaters for 1994 season to RMC thru Zenith" and "When RMC accept and work with these prices, Sengoku will give exclusivity for 1994 to RMC to sell to North America."

RMC's response opened with, "In the spirit of cooperation, I accept your latest proposal." The letter also proposed a modified price arrangement: "In view of the above, I now ask you to demonstrate the spirit of your cooperation by changing our price schedule where all purchases for the entire season would be at one price." Finally, the letter assured Sengoku that RMC intended to continue their relationship: "We have worked together successfully for many years and it is our desire to continue this relationship for many years to come and prosper together." The letter closed with "I hope you will give my request your best effort and acknowledge positively your decision as soon as possible so that we may proceed accordingly."

We conclude that these letters do not represent a valid offer and acceptance. The closing of RMC's letter indicates that RMC would not proceed without Sengoku's acceptance of RMC's price terms. Furthermore, Sengoku points out that RMC's requested price arrangement was quite different than the parties' past agreements, "which traditionally reserved price issues for review on a 'case by case' basis, depending upon the retailer placing the order." Given that RMC's price term represented a departure from the parties' prior course of dealings, it seems unlikely that RMC intended to be bound to other terms of the proposed contract without Sengoku's concession to the new price term. Thus, we find that RMC's acceptance was expressly conditioned upon Sengoku agreeing to the new price term. As a result, RMC's letter can be considered at most a counter-offer that required Sengoku's acceptance before

creating a binding contract. The record indicates that price negotiations continued between these parties, and no accord was reached. Thus, there was no contract for 1994, and accordingly, no breach.

II

The jury found for Sengoku on its claim that RMC infringed the trade dress of Sengoku's heaters, by distributing Wooshin-manufactured heaters confusingly similar to Sengoku's. RMC appeals that verdict on the basis that it is not supported by substantial evidence. We disagree, and affirm the verdict for Sengoku on this issue.[1]

"Trade dress" encompasses the total look of a product, including the product's packaging or labeling, and its shape or design. *International Jensen, Inc. v. Metrosound U.S.A., Inc.*, 4 F.3d 819, 822 (9th Cir. 1993); *Vision Sports, Inc. v. Melville Corp.*, 888 F.2d 609, 613 (9th Cir. 1989); *Rachel v. Banana Republic, Inc.*, 831 F.2d 1503, 1506 (9th Cir. 1987); *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 841 (9th Cir. 1987). If a seller adopts a trade dress that is confusingly similar to a competitor's, then that is actionable as unfair competition under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). *International Jensen*, 4 F.3d at 822; *Vision Sports*, 888 F.2d at 613. A successful claim of trade dress infringement requires the plaintiff to prove that: (1) the trade dress is inherently distinctive, or that it has acquired distinctiveness through secondary meaning; (2) there is a likelihood of confusion by the consuming public; and (3) the trade dress is

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[1] RMC also appealed the jury's verdict for Sengoku on a related trademark infringement claim. That issue is addressed in a separate published opinion, so we decide only the trade dress claim here.

nonfunctional. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S.Ct. 2753, 2758 (1992); *International Jensen*, 4 F.3d at 823; *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1381 (9th Cir. 1987).

In its complaint, Sengoku defined its trade dress as "the overall shape of the product, positioning of the instrumentation, lettering, model number designations, pattern of the graphic design, and color combination."

RMC argues that Sengoku did not present sufficient evidence to support a jury verdict on the issues of secondary meaning, confusion, and functionality.[2] A jury verdict on each of these issues will be upheld if it is supported by substantial evidence, which is sufficient relevant evidence for reasonable minds to accept as adequate to support the jury's conclusion. *Murray v. Laborers Union Local No. 324*, 55 F.3d 1445, 1452 (9th Cir. 1995); *see also Vision Sports*, 888 F.2d at 614; *Fuddruckers*, 826 F.2d at 843; *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1355 (9th Cir. 1985) (en banc).

(1) Secondary meaning

We have enumerated several factors to consider when determining secondary meaning: whether actual purchasers associate the trade dress with plaintiff's products, the degree and manner of plaintiff's use of the

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[2] RMC also asserted an argument that the shape of Sengoku's heaters is in the public domain and thus, is not protectable as trade dress. As Sengoku correctly points out, RMC misapplied several seminal patent law cases to reach this conclusion, and we therefore reject this argument. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989); *Sears Roebuck & Co. v. Stiffel*, 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

trade dress, and whether plaintiff's use of the trade dress has been exclusive. *Vision Sports*, 888 F.2d at 615; *Levi Strauss*, 778 F.2d at 1358. In addition, proof of intentional copying by the alleged infringer supports an inference of secondary meaning. *Vision Sports*, 888 F.2d at 615; *Fuddruckers*, 826 F.2d at 844; *Transgo, Inc. v. AJAC Transmission Parts Corp.*, 768 F.2d 1001, 1016 (9th Cir. 1985) ("Proof of exact copying, without any opposing proof, can be sufficient to establish secondary meaning"), *cert. denied*, 474 U.S. 1059 (1986).

Sengoku presented evidence that representatives of Sengoku's current United States distributor, Cans Unlimited, associate the design of Sengoku-manufactured heaters with Sengoku, regardless of the trademark affixed to the product. They also testified that they can distinguish between the heaters of all four manufacturers in the U.S. market by their shape, except that the infringing Wooshin heaters quite closely resemble Sengoku's.

Primarily, Sengoku relies on evidence that RMC directly copied its heater design. Sengoku presented testimony that RMC sent Sengoku heaters to Wooshin, presumably to allow Wooshin to copy them. Moreover, the design of the Wooshin Keroheat heaters looks almost identical to that of Sengoku, including the use of the "Keroheat" mark. The Wooshin Dyna-Glo heater is also quite similar, albeit with a different trademark. Although copying does not always lead to an inference of secondary meaning, in this case, RMC seems to have been intent upon trading on the goodwill developed by the Sengoku heaters.

Given that others do attribute the source of this trade dress to Sengoku, and the evidence that RMC so closely copied Sengoku's design, we find that there is substantial evidence supporting the jury's finding of secondary meaning.

(2) Likelihood of Confusion

For claims under Lanham Act § 43(a), 15 U.S.C. § 1125(a), "[a] likelihood of confusion exists when consumers 'are likely to assume that a product or service is associated with a source other than its actual source because of similarities between the two sources' marks or marketing techniques.' " *International Jensen*, 4 F.3d at 825 (quoting *Metro Publishing, Ltd. v. San Jose Mercury News*, 987 F.2d 637, 640 (9th Cir. 1993)).

The Ninth Circuit usually applies an eight-factor test to evaluate likelihood of confusion. *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979); *Vision Sports*, 888 F.2d at 616. When the allegedly infringing product competes directly with the trademark owner's product, the likelihood of confusion is found more readily, and generally depends upon whether the products' marks are confusingly similar, without consideration of all the factors. *Lindy Pen Co., Inc. v. Bic Pen Corp.*, 796 F.2d 254, 255 (9th Cir. 1986); *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1391 (9th Cir. 1993) ("The eight factor test applies when the products are related but *not* in direct competition."); *AMF*, 599 F.2d at 348.

In this case, a visual comparison of the products does suggest a confusing similarity. The layout of all the product components are nearly identical, and the original Wooshin heaters also bore the Keroheat trademark. The determination of likelihood of confusion is "predominantly factual in nature," *Levi Strauss*, 778 F.2d at 1355-56 & n.5, and is therefore better left to the jury. Upon comparing the various heaters the jury determined that they were confusingly similar. Therefore, we affirm the jury's finding of likelihood of confusion.

(3) Non-Functionality

Trademark and trade dress protection does not extend to product features that are purely functional. A trade dress is functional if it is essential to the product's use or purpose or if it affects the product's cost or quality. *International Jensen*, 4 F.3d at 823; *Rachel*, 831 F.2d at 1506; *Fuddruckers*, 826 F.2d at 842. In other words, if exclusive use of the product's feature "would put competitors at a significant non-reputation-related disadvantage," then the feature is functional. *Qualitex Co. v. Jacobson Products Co.*, 115 S.Ct. 1300, 1304 (1995). The existence of an adequate number of feasible alternative designs is a significant factor in determining whether competitors will still be able to compete effectively. *Clamp Mfg. Co. v. Encon Mfg. Co.*, 870 F.2d 512, 516 (9th Cir. 1989); *Wallace International Silversmith v. Godinger Silver Art*, 916 F.2d 76 (2d Cir. 1990), *cert. denied*, 111 S.Ct. 1622 (1991); *In re Lincoln Diagnostics Inc.*, 30 U.S.P.Q. 2d 1817, 1824-25 (TTAB 1994) (noting that the existence of seven hypothetical alternative designs is a very limited number, and would "seriously interfere with the fundamental right to compete"). When determining functionality, the product's trade dress must be considered as a whole, *First Brands*, 809 F.2d at 1381, and "functional elements that are separately unprotectable can be protected together as part of a trade dress." *Fuddruckers*, 826 F.2d at 842.

Sengoku admits that the features it seeks to protect are functional, but it argues that the combination of features is nonfunctional. Most of its evidence on this issue relates to the availability of alternative designs. Sengoku introduced catalog pages showing several different kerosene heaters. Upon comparing all the various heater designs depicted in the record, we conclude that there is a limited number of basic configura-

tions. Furthermore, several companies market similar products already (or have in the past). Thus, awarding trade dress protection for Sengoku's basic design — a rectangular heater, with a partial grill and the removable cartridge tank on the right — could seriously impede competition.

Nevertheless, Sengoku has not claimed protection of merely its basic design, but has instead defined in detail the combination and arrangement of features it seeks to protect. Sengoku seeks to protect every aspect of its trade dress, including the arrangement and color of the knobs, switches and controls, the shape and color of the heater and each of its components, and the look and configuration of the labeling. Although many of these features are functional, we find that Sengoku has adequately proved that its trade dress, when taken as a whole, is not functional. contrary to RMC's claims, another manufacturer may still produce a rectangular shaped heater with a partial grill offset to the right — but in doing so, it may not copy every detail of Sengoku's trade dress.

RMC also objects to the district court's formulation of the jury instruction on functionality. However, RMC did not object below to this instruction, as required by Fed. R. Civ. P. 51,[3] and as a result has waived its right to raise the issue on appeal.

Finally, we reject RMC's argument that Sengoku should be judicially estopped from presenting its trademark claims.

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[3] Rule 51 provides, in relevant part: "No party may assign as error the giving or the failure to give an instruction unless that party objects thereto before the jury retires to consider the verdict, stating distinctly the matter objected to and the grounds of the objection."

Judicial estoppel preserves the integrity of the judicial process by preventing a party from obtaining relief on different occasions by asserting inconsistent positions. *Yanez v. United States*, 989 F.2d 323, 326 (9th Cir. 1993). We conclude that judicial estoppel does not apply in this case because Sengoku has not asserted inconsistent positions in the two litigations. In the earlier case, Sengoku argued that it did not have sufficient minimum contracts with the State of Michigan, and did not purposefully avail itself of the laws of that state, because it does not directly market or sell its products in the United States. Sengoku did not hide the details of its distributorship agreement with RMC from the court, it simply noted that it sold its products to Zenith, the intermediary trading company, which then sold the products to RMC. This is not inconsistent with anything Sengoku has alleged in the current dispute. None of the evidence that RMC points to suggests a different conclusion. Therefore, Sengoku's trademark claims are not barred.

IV

For the foregoing reasons, we hold as follows: The verdict on the breach of contract claims is not supported by substantial evidence, and is therefore REVERSED. The verdict for Sengoku on the trade dress infringement claim is AFFIRMED. In addition, the district court's award of attorneys' fees to Sengoku is AFFIRMED, insofar as those fees are based upon Sengoku's claims under the Lanham Act.

AFFIRMED in part, and REVERSED in part.

APPENDIX B

FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

SENGOKU WORKS LTD., a corporation,
Plaintiff-counter-defendant Appellee-Cross-Appellant,

v.

RMC INTERNATIONAL, LTD., a corporation; MICHAEL RESMO; JOSEPH MALAGA,
Defendants-counter-plaintiffs Appellants-Cross-Appellees.

Nos. 95-55990
95-56087

D.C. No.
CV-94-03197-ER

OPINION

Appeals from the United States District Court
for the Central District of California
Edward Rafeedie, District Judge, Presiding

Argued and Submitted
August 7, 1996—Pasadena, California

Filed September 20, 1996

Before: Stephen Reinhardt, Cynthia Holcomb Hall, and Edward Leavy, Circuit Judges.

Opinion by Judge Hall

COUNSEL

Jan P. Weir, Poms, Smith, Lande & Rose, Los Angeles, California, for the defendants-counter-plaintiffs-appellants-cross-appellees.

R. Joseph Trojan, Trojan Law Offices, Beverly Hills, California, for the plaintiff-counter-defendant-appellee-cross-appellant.

OPINION

HALL, Circuit Judge:

RMC International Ltd., and its officers Michael Resmo and Joseph Malaga, appeal the district court's judgment, following a jury trial, in favor of Sengoku Works Ltd. for trademark and trade dress infringement under the Lanham Act, 15 U.S.C. §§ 1051-1127, and breach of contract under California law. RMC had served since 1985 as exclusive United States distributor of kerosene heaters manufactured by Sengoku, a Japanese corporation, and these charges arose in connection with RMC's decision to market kerosene heaters from another source.

In this opinion we address only the issue of ownership of the Keroheat trademark. All the other issues are disposed of in a separate unpublished disposition.

I

RMC is an importer of portable kerosene heaters. From 1985 to 1994, it imported and sold exclusively heaters manufactured by Sengoku, pursuant to yearly contracts signed by the parties. These contracts included exclusivity provisions, under which Sengoku appointed RMC its exclusive U.S. distributor, and RMC agreed to distribute only Sengoku-manufactured heaters. As part of this arrangement, Sengoku sold the heaters to an independent trading company, Zenith & Co., who then sold them to RMC. The RMC/Zenith/Sengoku heaters bore the trademark "Keroheat."

Under the agreement, RMC handled all of the marketing and advertising for the heaters, and arranged for all of the retailer purchases of the heaters. Only RMC's name appeared on the product and packaging, and RMC dealt with all consumer complaints and returns. RMC claims that in the early 1990s it began to experience increasing quality problems with the Sengoku heaters, and increasing customer complaints. When Sengoku did not take satisfactory steps to remedy the problems, in 1993 RMC began to negotiate with Wooshin, a Korean corporation, to manufacture and supply kerosene heaters to RMC.

RMC maintains that they had no valid contract with Sengoku for 1994. For the first quarter of 1994, RMC performed as it had for the previous nine years. But in late March Sengoku became aware that RMC was selling heaters to Sengoku's largest U.S. customer that were manufactured by Wooshin, and that bore the Keroheat trademark and closely resembled Sengoku's heaters. Sengoku filed suit against RMC for breaching the exclusivity provision of their contract, and for trademark and trade dress infringement.

Sengoku and RMC each claim ownership of the Keroheat trademark. From 1982 to 1985, prior to the Sengoku/RMC agreements, Sengoku heaters bearing the Keroheat mark were

sold to a trading company called Imarflex, and were then sold in the U.S. by C.C.I., a company partially owned by Cort Clark. In 1985, Clark sued Imarflex for breach of contract and trademark infringement, claiming that he owned the Keroheat trademark. After the Sengoku/Imarflex/Clark deal ended, Clark then founded RMC, with Michael Resmo and Joseph Malaga. RMC began selling Sengoku heaters under the Keroheat mark in 1985, and obtained a federal registration of the mark. Clark left RMC in 1992, and now works for Sengoku.

In July 1994 the district court granted Sengoku a preliminary injunction to enjoin RMC from selling the Wooshin heater bearing the Keroheat mark. After a seven day jury trial, the jury found for Sengoku on all claims. The jury awarded Sengoku only $1.00 in damages on the trademark infringement claim. The district court then ordered the cancellation of RMC's federal trademark registration for Keroheat, and entered a permanent injunction barring RMC from using the mark. The district court also denied RMC's post-trial motions for judgment as a matter of law and for a new trial. This appeal followed.

II

Both parties agree that RMC did distribute heaters bearing the Keroheat trademark that were not manufactured by Sengoku. However, they both claim ownership of the Keroheat trademark, and this issue is central to the finding for Sengoku on trademark infringement.

Challenges to the sufficiency of the evidence and the denial of a motion for judgment notwithstanding the verdict are reviewed de novo to determine if the plaintiff's claims were supported by substantial evidence. *Erickson v. Pierce County*, 960 F.2d 801, 804 (9th Cir.), *cert. denied*, 113 S. Ct. 815 (1992). Substantial evidence is such relevant evidence as reasonable minds might accept as adequate to support the jury's

verdict. *Murray v. Laborers Union Local No. 324*, 55 F.3d 1445, 1452 (9th Cir. 1995).

[1] It is axiomatic in trademark law that the standard test of ownership is priority of use. To acquire ownership of a trademark it is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in the sale of goods or services. *See generally* J. Thomas McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 16.03 (3d ed. 1996) (hereinafter *McCarthy*). When proving ownership of a trademark, federal registration of the mark is prima facie evidence that the registrant is the owner of the mark. Lanham Act § 7(b), 15 U.S.C. § 1057(b); Lanham Act § 33(a), 15 U.S.C. § 1115(a). Therefore, the registrant is granted a presumption of ownership, dating to the filing date of the application for federal registration, and the challenger must overcome this presumption by a preponderance of the evidence. *Vuitton et Fils S.A. v. J. Young Enterprises*, 644 F.2d 769, 775-76 (9th Cir. 1981); *Rolley, Inc. v. Younghusband*, 204 F.2d 209 (9th Cir. 1953). However, the nonregistrant can rebut this presumption by showing that the registrant had not established valid ownership rights in the mark at the time of registration — in other words, if the nonregistrant can show that he used the mark in commerce first, then the registration may be invalidated.

Disputes over trademark ownership often arise when the mark is used on goods that are manufactured by one company, but are marketed by another pursuant to an exclusive distributorship agreement. These relationships usually arise in one of two factual situations: either (1) the manufacturer licenses the distributor to use a trademark owned by the manufacturer, or (2) the distributor owns its own mark, sometimes called a "private label," which it affixes to the manufacturer's product before delivery. In either case, the ownership of the mark turns on which party was the initial owner.

[2] Unfortunately, not every distribution agreement fits clearly into one of these two categories. When disputes arise between a manufacturer and distributor, courts will look first to any agreement between the parties regarding trademark rights. *Premier Dental Products v. Darby Dental Supply Co.*, 794 F.2d 850, 854 (3d Cir.), *cert. denied*, 479 U.S. 950 (1986). But in the absence of an agreement between the parties, the manufacturer is presumed to own the trademark. *Energy Jet, Inc. v. Forex Corp.*, 589 F. Supp. 1110, 1116 (E.D. Mich. 1984); *Wrist-Rocket Mfr. Co. v. Saunders*, 379 F. Supp. 902, 909 (D. Neb. 1974) ("*Wrist-Rocket I*"), *aff'd in part and rev'd in part on other grounds*, 516 F.2d 846 (8th Cir.) ("*Wrist-Rocket II*"), *cert. denied*, 423 U.S. 870 (1975); *Automated Productions Inc. v. FMB Maschinenbaugesellschaft mbH & Co.*, 36 U.S.P.Q.2d 1714, 1716 (N.D. Ill. 1995). That presumption applies with equal force to cases involving foreign manufacturers. *See, e.g., Energy Jet*, 589 F. Supp. at 1116; *Hank Thorp, Inc. v. Minilite, Inc.*, 474 F. Supp. 228, 236 (D. Del. 1979). Although some courts have suggested that the presumption may be different in the case of foreign manufacturers, frequently the identical standard has in fact been applied, and we see no reason for doing otherwise.

[3] The presumption in favor of the manufacturer is rebuttable, however, and a long-standing line of precedent holds that an exclusive distributor may acquire trademark rights superior to those of the manufacturer. *See Menendez v. Holt*, 128 U.S. 514 (1888); *Omega Nutrition v. Spectrum Marketing*, 756 F. Supp. 435, 438 (N.D. Cal. 1991) (granting a preliminary injunction to the exclusive distributor against the manufacturer for trademark infringement); *see also* 2 *McCarthy*, § 16.15[1] n.3 (citing a long list of cases following this principle). Therefore, the distributor may rebut the presumption in favor of the manufacturer, and courts look to various factors when determining which party has the superior right of ownership, including:

> (1) which party invented and first affixed the mark onto the product;

(2) which party's name appeared with the trademark;

(3) which party maintained the quality and uniformity of the product; and

(4) with which party the public identified the product and to whom purchasers made complaints.

Omega Nutrition, 756 F. Supp. at 438-49. Furthermore, courts will also consider which party possesses the goodwill associated with the product, or which party the public believes stands behind the product. *Premier Dental*, 794 F.2d at 854.

On appeal (and at trial), Sengoku seemed to argue that once it was established that Sengoku was the manufacturer and RMC was the exclusive distributor, then the issue of trademark ownership is resolved — in other words, if this was a manufacturer/exclusive distributor relationship, then Sengoku is entitled to the presumption in favor of the manufacturer and has therefore established its ownership of the trademark. This is, however, an oversimplification of the law.

[4] The determinative issue is not which label is placed upon the relationship, but rather which party can establish priority of ownership. *See Wrist-Rocket II*, 516 F.2d at 850 (When the issue "is who, as between the manufacturer and distributor, has ownership of a trademark created *after* formation of the business relationship . . . the dispositive question [is] which party has priority of appropriation and use of the trademark."). The court must first look to any agreement or acknowledgment between the parties regarding trademark rights. There was no such agreement between Sengoku and RMC; thus, if neither party can prove that it initially owned the trademark, then Sengoku is entitled to claim the presumption in favor of the manufacturer. In that case, RMC may rebut this presumption by addressing the factors set forth above.

[5] While this is a close question, we find that there is substantial evidence in the record to support a finding that Sengoku owned the trademark. Sengoku first affixed the Keroheat mark to its heaters in 1982, at least two years before RMC began distributing Keroheat heaters. RMC's federal registration of the mark was not acquired until 1992, and RMC claimed it first used the mark in commerce in 1985. Although RMC claims that CCI, the exclusive distributor before RMC, owned the trademark, there is no evidence that ownership was transferred to RMC. Thus, the jury could reasonably have found that Sengoku established prior use.

[6] Furthermore, when considering the factors that go to trademark ownership, some support Sengoku's argument, and some support RMC's. Only RMC's name appears on the product and packaging, and RMC handles all customer complaints and returns. However, Sengoku exercises control over the product quality and uniformity, and Sengoku apparently first affixed the trademark to its heaters. Also, other dealers in the business testified that they attribute the heaters bearing the Keroheat mark to Sengoku.

[7] In determining whether substantial evidence supports a jury verdict, we cannot simply substitute our judgment for that of the jury. We must consider whether the record contains substantial evidence upon which reasonable minds could base the verdict. In this case, we find that the jury could reasonably have found that Sengoku owned the trademark. Therefore, we affirm the jury's verdict for Sengoku on trademark infringement.

III

RMC also challenges the jury instructions on trademark ownership. RMC claims that the instructions as formulated allowed the jury to find that because Sengoku was a foreign manufacturer it owned the trademark regardless of prior

acquisition, and regardless of any other factors that prove ownership.

[8] When evaluating the formulation of jury instructions, we consider the instructions as a whole and review them for an abuse of discretion. *Gizoni v. Southwest Marine Inc.*, 56 F.3d 1138, 1142 n.5 (9th Cir. 1995). The instructions on trademark ownership set forth the general rule regarding the presumption in favor of the manufacturer: "Between a foreign manufacturer and its exclusive distributor, the law presumes that the foreign manufacturer is the owner or [sic] the trademark and/or trade dress unless there is an agreement to the contrary". RMC argues that this instruction was erroneous for two reasons. First, RMC claims that the instruction failed to notify the jury that ownership can be proven by an acknowledgment by Sengoku that RMC owned the mark. However, a later portion of the instruction indicates several factors to consider when determining ownership, including "admissions by the parties as to which one owns the trademark." We find that this instruction encompasses acknowledgment by Sengoku that RMC owned the mark.

Second, RMC claims that the instruction created an improper presumption, which allowed the jury to find that because Sengoku was the foreign manufacturer of the heaters, it was the owner of the mark, regardless of the evidence to the contrary. RMC correctly points out that the determinative issue on ownership is usually priority of use. *See Wrist-Rocket II*, 516 F.2d at 850 (When the issue "is who, as between the manufacturer and distributor, has ownership of a trademark created *after* formation of the business relationship . . . the dispositive question [is] which party has priority of appropriation and use of the trademark."). But in cases where neither side can establish priority of use, then the presumption in favor of the manufacturer applies.

[9] These instructions, taken as a whole, indicate that this presumption may apply here, but also that there are several

other factors to consider as well — such as the origin of the trademark, whether the defendant had federally registered the mark, which party consumers believed to be the source of the goods identified, and which party controlled the quality and design of the goods. As a result, we find that these instructions, taken as a whole, adequately cover the issues, correctly state the law, and are not misleading. *See Fikes v. Cleghorn*, 47 F.3d 1011, 1013 (9th Cir. 1995). We therefore hold that the district court did not abuse its discretion when it formulated the jury instructions regarding trademark ownership.

IV

For the foregoing reasons, we hold that the jury's verdict for Sengoku on trademark infringement is supported by substantial evidence, and is therefore AFFIRMED.

APPENDIX C

I hereby certify that this document was served by first class mail postage prepaid, to all counsel (or parties) at their respective most recent address of record in this action on this date.
Dated: 3/20/95

Deputy Clerk

ENTERED
MAR 22, 1995
Clerk, U.S. District Court
Central District of California
By Deputy

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SENGOKU WORKS, LTD.,
Plaintiff,
v.
RMC INTERNATIONAL, LTD.,
et al.,
Defendants.

No. CV 94-3197-ER (Ex)
JUDGMENT ON JURY VERDICT

THIS CONSTITUTES NOTICE OF ENTRY
AS REQUIRED BY FRCP, RULE 77(d).

On March 7, 1995, this matter came on for trial before the Court and a jury, the Honorable Edward Rafeedie, District Judge, presiding.

On March 15, 1995, the Court granted Defendants' oral motion under Rule 50 of the Federal Rules of Civil Procedure for Judgment as a Matter of Law as to Plaintiff's claim for tortious interference with prospective business relations.

Plaintiff's remaining claims were submitted to the jury.

A verdict was duly reached by the jury on March 17, 1995. Based upon that verdict, the Court hereby ORDERS that Judgment in this case be entered as follows:

1. In favor of the Plaintiff Sengoku Works, Ltd. in the amount of $1,100,588.24, with interest thereon as provided by law, on Plaintiff's claim for breach of contract;

2. In favor of the Plaintiff Sengoku Works, Ltd. in the amount of $470,588.24, with interest thereon as provided by law, on Plaintiff's claim for infringement of trade dress;

3. In favor of the Plaintiff Sengoku Works, Ltd. in the amount of $1.00, with interest thereon as provided by law, on Plaintiff's claim for infringement of trademark KEROHEAT;

4. That the infringement of Plaintiff's CT-1100 product trade dress, CT-1100 packaging trade dress, and KEROHEAT trademark was found to be willful; and

5. That the Preliminary Injunction heretofore entered by the Court is made permanent; and

6. That Plaintiff shall have its costs of suit.

IT IS SO ORDERED.

IT IS FURTHER ORDERED that the Clerk of the Court shall serve, by United States mail, copies of this Order on counsel for the parties in this matter.

Dated: March 17, 1995

/s/ EDWARD RAFEEDIE
EDWARD RAFEEDIE
United States District Court Judge

APPENDIX D

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

FILED
NOV 13, 1996
Cathy A. Catterson, Clerk
U.S. COURT OF APPEALS

SENGOKU WORKS LTD., a corporation,
Plaintiff-counter-defendant
Appellee/Cross-Appellant,
v.
RMC INTERNATIONAL, LTD., a corporation;
MICHAEL RESMO; JOSEPH MALAGA,
Defendants-counter-plaintiffs
Appellants/Cross-Appellees.

No. 95-55990
D.C. No. CV-94-03197-ER
ORDER

Before: REINHART, HALL, and LEAVY,
Circuit Judges.

The petition for rehearing filed by appellant RMC International, Ltd., is hereby DENIED.

Appellant's motion for leave to file supplemental excerpts of record in support of the petition for rehearing is also DENIED.

APPENDIX E

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

FILED
JUL 20, 1994
Clerk, U.S. District Court
Central District of California
By Deputy

SENGOKU WORKS, LTD.,
Plaintiff,
v.
RMC INTERNATIONAL, LTD.,
et al.,
Defendants.

No. CV 94-3197-ER (Ex)

ORDER GRANTING PRELIMINARY INJUNCTION

This matter came before the United States District Court, the Honorable Judge Rafeedie presiding.

On July 1, 1994, hearing on plaintiff's motion for preliminary injunction was held. Based upon the papers filed in this matter and for the reasons stated in open court, IT IS HEREBY ORDERED:

Defendant RMC INTERNATIONAL, INC., and its officers, directors, employees, agents, partners, assignees, successors-in-interest, and/or any persons acting in concert with it, and defendants MICHAEL RESMO and JOSEPH MALAGA and any of their employees, agents, partners, assignees, successors-in-interest, and/or any persons acting in concert with them collectively or individually, are hereby enjoined and restrained from

engaging in the following activities anywhere in the United States and its territories:

(1) engaging in the duplication, distribution, importation, advertising, solicitation for sale, and/or sale of the KERONA heater, or any other kerosene heaters which is confusingly similar to the overall appearance of plaintiff's CT-1100 radiant kerosene heater.

(2) engaging in the duplication, distribution, importation, advertising, solicitation for sale, and/or sale of any kersoene heater packaging which is confusingly similar to the overall appearance of plaintiff's packaging associated with plaintiff's KEROHEAT line of kerosene heaters; and,

(3) engaging in the duplication, distribution, importation, advertising, solicitation for sale, and/or sale of any kersoene heater and/or kerosene heater packaging to which the KEROHEAT name has been affixed in any manner whatsoever.

The plaintiff shall post a bond for the preliminary injunction as provided by Federal Rule of Civil Procedure 65 and 65.1 in the amount of $300,000.

This preliminary injunction shall remain in effect until the further order of the Court.

IT IS SO ORDERED.

IT IS FURTHER ORDERED that the Clerk of the Court shall serve, by United States mail, copies of this Order on counsel for the parties in this matter.

Dated: 7/20/94, 1994

/s/ EDWARD RAFEEDIE
EDWARD RAFEEDIE
United States District Court Judge

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

FILED
AUG 29, 1994
Cathy A. Catterson, Clerk
U.S. COURT OF APPEALS

SENGOKU WORKS LTD., a corporation,
Plaintiff-Appellee,
vs.
RMC INTERNATIONAL, LTD., a corporation;
Defendant-Appellant.

No. 94-55980
D.C. No. CV-94-3197-ER
MEMORANDUM*

Appeal from the United States District Court
for the Central District of California
Edward Rafeedie, District Judge, Presiding

Submitted: August 23, 1994**

Before: WALLACE, Chief Judge, HUG and RYMER,
Circuit Judges.

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* This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as provided by 9th Cir. R. 36-3.

** The panel finds this case suitable for decision without oral argument. Fed. R. App. P. 34(a); 9th Cir. R. 34-4.

RMC International, Ltd., appeals from a preliminary injunction prohibiting it from selling certain kerosene heaters and kerosene heater packaging pursuant to section 43 of the Lanham Act, 15 U.S.C. § 1125. This court has jurisdiction pursuant to 28 U.S.C. § 1292(a)(1). We review the district court's grant of the preliminary injunction for an abuse of discretion. *Sports Form, Inc. v. United Press International, Inc.*, 686 F.2d 750, 752-53 (9th Cir. 1982).

The district court properly found that appellee demonstrated a combination of probable success on the merits and the possibility of irreparable injury. *Rent-a-Center v. Canyon Television & Appliance*, 944 F.2d 597, 602 (9th Cir. 1991). We conclude that the district court did not abuse its discretion in issuing the preliminary injunction, and **AFFIRM**.

I hereby certify that this document was served by first class mail postage prepaid, to all counsel (or parties) at their respective most recent address of record in this action on this date.
Dated: 1/17/95

Deputy Clerk

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

FILED
JAN 17, 1995
Clerk, U.S. District Court
Central District of California
By Deputy

SENGOKU WORKS, LTD.,
Plaintiff,
v.
RMC INTERNATIONAL, LTD.,
et al.,
Defendants.

No. CV 94 3197-ER (Ek)

ORDER RE: PRELIMINARY INJUNCTION

Defendant's Motion to Increase Bond Pertaining to the Court's July 21, 1994 Preliminary Injunction and Plaintiff's Motion for Civil Contempt in connection with that same Preliminary Injunction came before the Honorable Edward Rafeedie on November 21, 1994.

At that hearing, the Court announced its tentative ruling as to that Motion, as well as its tentative ruling on Plaintiff's Motion for Civil Contempt. Based on the

argument of counsel and evidence and other matters presented at the hearing, the Court took both Motions under submission, and notified the parties that it would issue a written order on both Motions.

The Court has reconsidered its prior tentative ruling on the issue of civil contempt, for violation of this Court's July 21, 1994 Preliminary Injunction. After examining the exhibits presented by the parties, and entertaining argument at the earlier hearing, the Court concludes as follows:

1) The Court will stand by its tentative ruling that Defendants were not in contempt with respect to the heaters purchased by Mr. Richard Roetling on September 21 and September 28, 1994.

2) The Court also stands by its tentative ruling that Defendant's new packaging is "confusingly similar" to the KeroHeat packaging. Accordingly, the Court finds Defendants in contempt for using the new packaging.

3) The Court, however, has reevaluated its position with respect to the heaters themselves, and finds that the Dyna-Glo heaters are indeed "confusingly similar" to the KeroHeat heater. The Court notes that the heaters are nearly identical in overall appearance — although Defendants have changed the heater somewhat, they did not re-design the Dyna-Glo heater with differences sufficient to comply with the Order.

The change in color, the prominent display of the "Dyna-Glo" name, the change in shape of the ignition button and the color and shape of the re-set switch are simply not enough to overcome the similarity in overall appearance. Defendant's model looks like a slightly different version of Plaintiff's — perhaps last year's model, but one coming from the same source. The position of the wick adjustment, ignition and re-set switches; the accentuated offset of the burn chamber, the

use of a virtually identical base, and the similarity of labelling on the heaters all contribute to the confusing similarity. The test for confusing similarity does not focus on each individual element — and the minute distinctions between products — but rather it focuses on the "overall" appearance of the products. This Court finds that the overall appearance is still confusingly similar, and therefore that Defendants are in contempt for selling the Dyna-Glo heaters.

4) In connection with these findings, the Court orders as follows:

a) By January 23, 1995, Defendants shall issue a notice recalling all of its unsold Dyna-Glo radiant heaters, including those in the possession of distributors, retailers, middlemen, wholesalers or others who are not ultimate consumers; Defendants shall be subject to a fine of $1,000 per heater for any presently unsold heater that is sold after January 23, 1995 and as to which Defendant did not issue and attempt to enforce said notice of recall. Moreover, Defendants shall provide to the Court an accounting of all Dyna-Glo radiant heaters produced and their ultimate disposition by sale or recall, as well as an accounting of Defendant's profits related to sales of those heaters.

b) For the reasons announced in its tentative ruling on November 21, 1994, the Court will not award Plaintiff damages at this time, but will award Plaintiff reasonable attorney's fees in connection with its Motion for contempt. Plaintiff is directed to submit a request for attorney's fees in accordance with the Court's general order on attorney's fees.

5) The Court also stands by its tentative ruling with respect to the Motion to increase the bond. The Court will increase the amount of the bond to $600,000. Plaintiff is ordered to post the increased bond by January

23, 1995, or the preliminary injunction shall be dissolved.

IT IS SO ORDERED.

IT IS FURTHER ORDERED that the Clerk of the Court shall serve, by United States mail, copies of this Order on counsel for the parties in this matter.

Dated: January 17, 1995

/s/ EDWARD RAFEEDIE
EDWARD RAFEEDIE
United States District Court Judge

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

FILED
FEB 16, 1995
Cathy A. Catterson, Clerk
U.S. COURT OF APPEALS

SENGOKU WORKS LTD.,
Plaintiff/Counter-Defendant/
Appellee,

vs.

RMC INTERNATIONAL, LTD., et al.,
Defendants/Counter-Plaintiffs/
Appellants.

No. 95-55140
DC# CV-94-3197-ER
Central California

ORDER

Before: SCHROEDER, CANBY and LEAVY,
Circuit Judges

Appellee's motion to dismiss this appeal for lack of jurisdiction is granted. *See Weyerhaeuser Co. v. International Longshoremen's & Warehousemen's Union, Local 21*, 733 F.2d 645, 646 (9th Cir. 1984). All pending motions are denied as moot.

APPENDIX F

FEDERAL STATUES INVOLVED

15 U.S.C § 1125(a)
(Lanham Act, Section 43 (a))

Unregistered Marks; False or Misleading Descriptions and Representations

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which —

> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

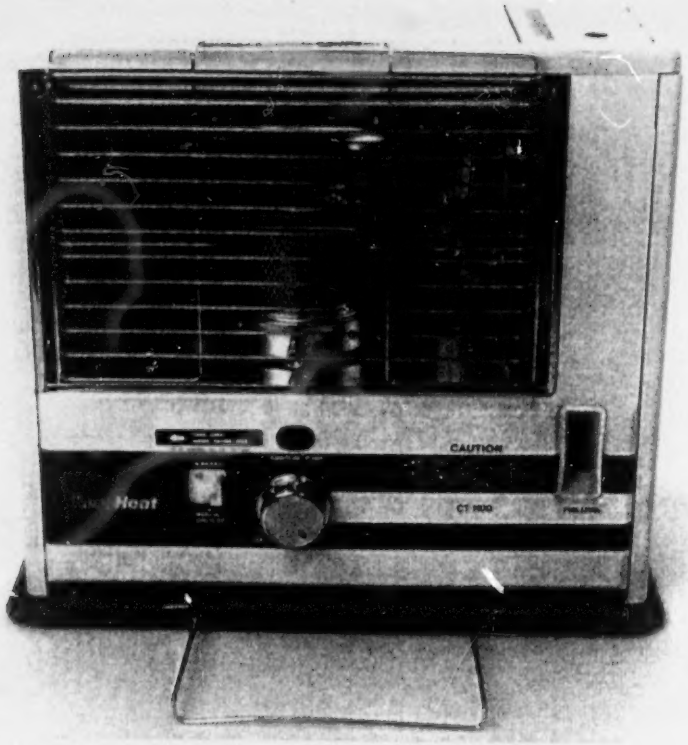
15 U.S.C. § 1057(b)

Certificate as prima facie evidence. — A certificate of registration of a mark upon the principal register provided by this Act shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.

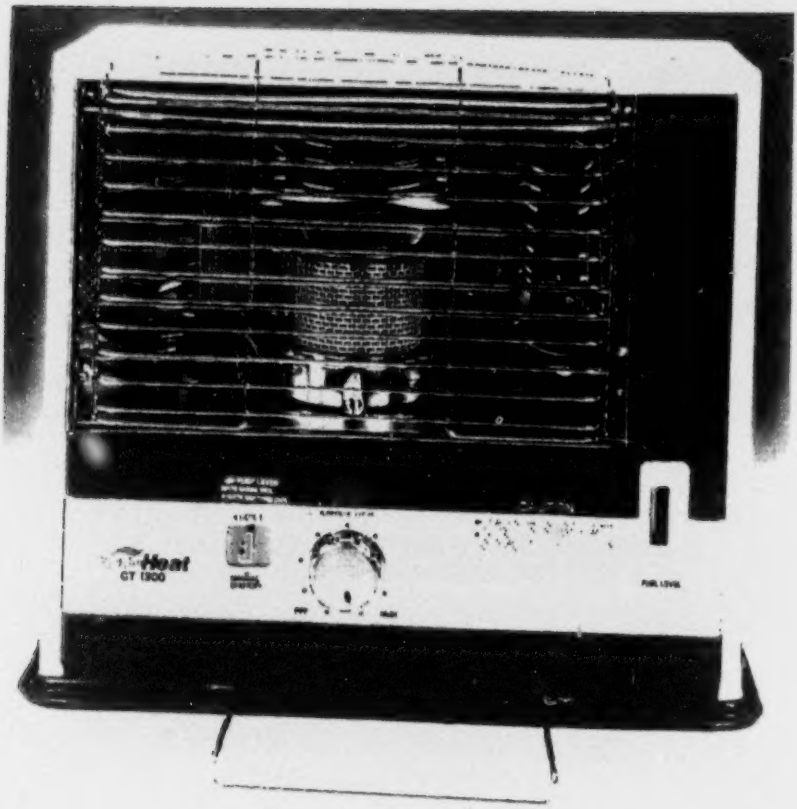
15 U.S.C. § 1115(a)

Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this chapter and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration, subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b) of this section, which might have been asserted if such mark had not been registered.

APPENDIX G



SENGOKU MANUFACTURED
HEATER



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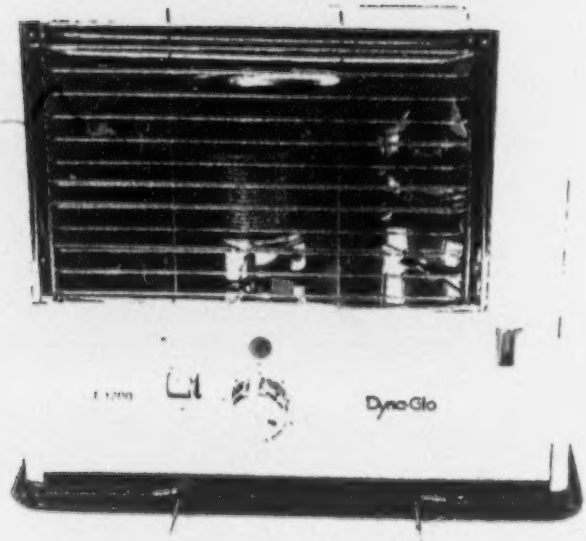
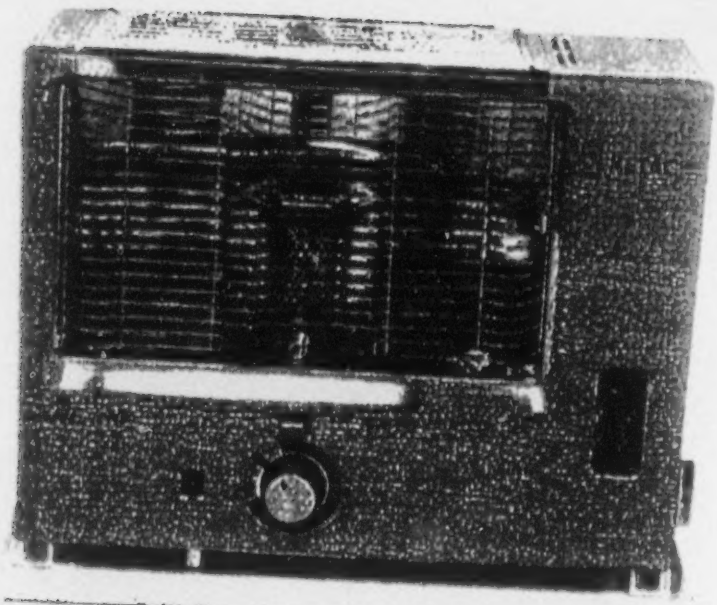
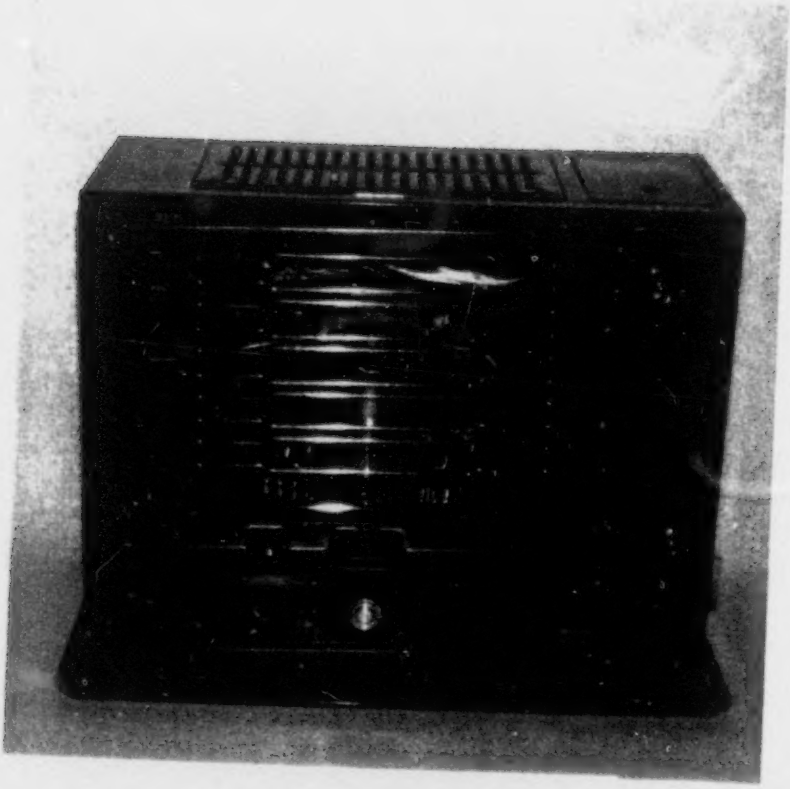
KEROHEAT HEATER



WOOSHIN MANUFACTURED
DYNA-GLO HEATER



FUKUSHIN HEATER



SANYO HEATER

TURCO MANUFACTURED
DYNA-GLO HEATER

APPENDIX H

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

- - - - - - -

HONORABLE EDWARD RAFEEDIE,
JUDGE PRESIDING

- - - - - - -

SENGOKU WORKS, LTD.,
PLAINTIFF,
VS.
R.M.C. INTERNATIONAL, LTD.,
ET AL.,
DEFENDANTS.

CASE NO. CV-94-3197-ER

[EXCERPTS FROM THE]
REPORTER'S TRANSCRIPT OF PROCEEDINGS
LOS ANGELES, CALIFORNIA

MONDAY, NOVEMBER 21, 1994

[Page 7, line 20 through Page 8, line 14]

* * * * *

[The Court:]

The court does not find that the heaters themselves are confusingly similar. Although the court notes that the heaters are indeed similar. And that the defendants have changed the allegedly infringing version of their heater rather than redesigning it altogether.

The court finds that the changes are sufficient to comply with the order.

The difference in color, the prominent display of the new Dyna Glo name, the change in the shape of the

ignition button and color, the shape of the reset switch are critical to this finding. The court notes that the model number remains similar to plaintiff's, and that the relative positioning of the wick adjustment switch, the ignition button, and the reset switch is also the same.

However, the test for confusing similarity does not focus on each element of a protected trade dress, but rather focuses on the overall appearance of the product.

The court is inclined to find that the overall appearance of the Defendant's product is no longer confusingly similar to the plaintiff's Keroheat heaters.

* * * * *

[Page 24, line 7 through Page 25, line 8]

* * * * *

[Mr. Trojan:]

What we brought these in to show the court is that the shape of our heater is distinctive compared to what is on the market.

And so when R.M.C. was making the heater with the same shape, it was identical to the shape of our heater.

The Court: The shape is not protectable, is it?

Mr. Trojan: It is.

The Court: Just the shape?

Mr. Trojan: That's our trade dress. That was what we fought over with the preliminary —

The Court: That includes more than the shape. The shape is rectangular —

Mr. Trojan: The overall appearance of a heater cavity in the upper, left-hand corner. A space on the right-hand side. None of those features appear in the other heaters that are on the market.

So when they go and have this heater, a diagram of this heater, that's the shape of our heater on the market.

And that's the overall appearance of our heater in this market.

To allow Wooshin duplicating the overall appearance with having the rectangular heater with the heater cavity offset in the upper, left-hand corner, with the switches in the same positions, that is duplicating our trade dress. You can see from looking at the other two heaters on the market, that every one has chosen a distinctive appearance.

* * * * *

[Page 38, lines 2-25]

* * * * *

[Mr. Weir:]

These people desire to comply with your order. And I think you can see from all the changes they made, the expenses that they incurred, above the bond, they were really trying to do it.

If you would like to hear Mr. Resmo, he would really like to —

The Court: Well, is he going to say something different than you said?

Mr. Weir: I don't believe so. But I believe you will find the man to be a credible, honest person who is sincere in his effort.

The Court: I have no doubt about that. These cases are always that way. These parties sometimes lack objectively. When they think they are curing a problem sometimes they are not, because they are looking at it a little differently.

The ultimate question is whether or not this is confusingly similar; that it is likely to deceive or mislead consumers in to believing they are buying one product rather than another. That is what the purpose of the law is, and that is the purpose of the injunction is to prevent

that and to protect consumers from being deceived from purchasing one product and getting another. You know that. That is the whole purpose.

* * * * *

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

- - - - - - -

HONORABLE EDWARD RAFEEDIE,
JUDGE PRESIDING

- - - - - - -

SENGOKU WORKS, LIMITED,
A CORPORATION,
PLAINTIFF,
VS.
RMC INTERNATIONAL, LIMITED
ET AL.,
DEFENDANTS.

CASE NO. CV-94-3197-ER

[EXCERPTS FROM THE]
REPORTER'S TRANSCRIPT OF PROCEEDINGS
LOS ANGELES, CALIFORNIA

WEDNESDAY, MARCH 8, 1995

[Page 49, line 23 through Page 50, line 2]

* * * * *

Mr. Trojan: Can I address the court on one issue? We will stipulate that there were radiant heaters that had the same general appearance as ours as late as the 1986 selling season. And '87 was the first year in which we had —

* * * * *

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

- - - - - - -

HONORABLE EDWARD RAFEEDIE,
JUDGE PRESIDING

- - - - - - -

SENGOKU WORKS, LIMITED,
PLAINTIFF,
VS.
RMC INTERNATIONAL, LIMITED,
ET AL.,
DEFENDANTS.

CASE NO. CV 94-3197-ER

[EXCERPTS FROM THE]
REPORTER'S TRANSCRIPT OF PROCEEDINGS
LOS ANGELES, CALIFORNIA

TUESDAY, MARCH 14, 1995
9:30 A.M.

[Page 164, line 1 through Page 166, line 14]

* * * * *

[Mr. Weir:]

"Q. And isn't it true that many radiant heaters have a wick adjustment knob?

[Mr. Watanabe:]

"A. They must have.

"Q. They must have it?

"A. Yes.

"Q. Why must they have one?

"A. Because it's U.S. regulation, Underwriter's — Underwriter's Laboratory regulation.

"Q. There is a regulations from Underwriter's Laboratory that requires a wick adjustment knob?

"A. Yes.

"Q. And is it also true that that wick adjustment knob is placed right in the middle of the front panel of the heater, right in front of the heating unit?

"A. Yes. That doesn't make sense to make it to the back.

"Q. It makes more sense to put it right there, doesn't it? That's the most efficient, commonplace to put it??

"A. Yes, um-hmm.

"Q. Right.

The radiant heaters that are sold also have a shut-off switch?

"A. Yes. Yes.

"Q. Is that also required by Underwriter's Laboratory?

"A. Yes.

"Q. And that shut-off switch is there so the person can turn it off, or if it tilts over, the whole thing will shut off?

"A. Um-hmm.

"Q. Okay.

And those switches are normally put right in the middle of the front panel, next to the wick control knob?

"A. Yes.

"Q. It makes sense to put them there because the way that it works is that it releases the wick adjustment, which allows the wick to drop down?

"A. Um-hmm.

"Q. That's how it shuts the thing off?

"A. Yes.

"Q. So from a design point of view, it makes — it's most efficient to put it right next to the wick adjustment knob?

"A. Yes.

"Q. The heaters that are radiant heaters that are also sold in the United States have push button starts — or starters, lighters, ignitors?

"A. Yes.

"Q. What do you call the, ignitors? What do you call them?

"A. Ignitors, yes.

"Q. Ignitors.

And there is usually a button that you have to push to ignite the wick?

"A. Yes.

"Q. And that button is also located in the front middle part of the panel?

"A. Yes.

"Q. And it's there because the ignitor has to touch the wick to light it, doesn't it?

"A. Yes.

"Q. So it makes sense from a manufacturing efficiency point of view to put the ignitor button right there in front of the wick?

"A. Yes. For a combination use.

* * * * *

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

- - - - - - -

HONORABLE EDWARD RAFEEDIE,
JUDGE PRESIDING

- - - - - - -

SENGOKU WORKS, LIMITED,
A CORPORATION,
PLAINTIFF,
VS.
RMC INTERNATIONAL, LIMITED,
ET AL.,
DEFENDANTS.

CASE NO. CV 94-3197-ER

[EXCERPTS FROM THE]
REPORTER'S TRANSCRIPT OF PROCEEDINGS
LOS ANGELES, CALIFORNIA

WEDNESDAY, MARCH 15, 1995

[Page 8, lines 10-20]

* * * * *

[Mr. Trojan:]

These heaters in front of you are ancient history. It is perfectly legitimate for us to say: Since 1987 we are the ones with exclusive rights to this tradedress. It is something that is evolved; like I talked about, tradedress rights evolve over time. And the fact that at one time in history this may have been in the public domain, that's not the issue.

Trade marks come and go into the public domain and out based upon use all the time. This tradedress when Sengoku's gone, will then go back into the public domain, but now it is their right.

* * * * *

APPENDIX I

STATE OF MICHIGAN
IN THE CIRCUIT COURT
FOR THE COUNTY OF BERRIEM

CRAIG L. CRAFT,
Plaintiff,
vs.
SENGOKU WORKS
COMPANY, LTD.,
RMC INTERNATIONAL, LTD.,
WAL-MART STORES, INC.,
and ANDREWS UNIVERSITY,
Defendants,
and
ANDREWS UNIVERSITY,
Defendant and
Third-Party Plaintiff,
vs.
MILTON ODOM and
DONNA ODOM,
Third-Party
Defendants,
and
THOMAS McCOY,
et al,
Plaintiffs,
vs.
RMC INTERNATIONAL,
et al,
Defendants.

File No: 92-3759-NI-G
Honorable
Casper O. Grathwohl

Consolidated for Discovery

File No: 92-3433-NI-G
Honorable
Casper O. Grathwohl

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* * * * *

DEFENDANT SENGOKU WORKS
COMPANY, LTD.'S ANSWERS TO
PLAINTIFF CRAFT'S FIRST INTERROGATORIES

* * * * *

Kunikazu Watanabe, being first duly sworn, deposes and says as follows in answer to Plaintiff Craft's First Interrogatories:

* * * * *

[Page 26, No. 64]

64. Please identify all patent, trademark, and/or technical assistance agreements and/or licenses regarding kerosene heaters between SENGOKU WORKS COMPANY, LTD. and RMC INTERNATIONAL. LTD. between 1989 and 1991.

ANSWER:

Sengoku agreed to place RMC trade name "Keroheat" on kerosene heaters distributed by RMC.

* * * * *

APPENDIX J

R. Joseph Trojan, Bar. No. 137067
L. Rae Connet, Bar. No. 156844
TROJAN LAW OFFICES
433 North Camden Dr., Suite 400
Beverly Hills, CA 90210
Telephone: (310) 281-1662

Attorneys for Sengoku Works, Ltd.

IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

SENGOKU WORKS, LTD.,
a corporation,
Plaintiff,
v.
RMC INTERNATIONAL, LTD.,
a corporation, MICHAEL RESMO,
an individual, JOSEPH MALAGA,
an individual, and DOES 1 to 50.
Defendants.

Civil Action No. 94-3197 ER (Ex)

OPPOSITION TO MOTION FOR PARTIAL SUMMARY JUDGMENT RE: FUNCTIONALITY ISSUE

Date: January 9, 1994
Time: 10:00 A.M.
Place: Courtroom 1

* * * * *

[Page 3, lines 17-20]

The relative positioning of the heater cavity, the manual shut off switch, the wick adjuster knob, the ignition switch, the fuel gauge, the front panel configuration, and the shape of the heater creates an overall appearance thtat is protected by trade dress.

* * * * *

APPENDIX K

R. Joseph Trojan, Bar. No. 137067
L. Rae Connet, Bar. No. 156844
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433 North Camden Dr., Suite 400
Beverly Hills, CA 90210
Telephone: (310) 281-1662

Attorneys for Sengoku Works, Ltd.

IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

Sengoku WORKS, LTD.,
a corporation,
Plaintiff,
v.
RMC INTERNATIONAL, LTD.,
a corporation, MICHAEL Resmo,
an individual, JOSEPH Malaga,
an individual, and DOES 1 to 50.
Defendants.

Civil Action No. 94-3197 ER (Ex)

PLAINTIFF'S SECOND AUGMENTED RESPONSES TO DEFENDANTS' FIRST SET OF INTERROGATORIES, NOS. 1 to 14.

* * * * *

[Page 2, line 27 through Page 3, line 7, and lines 24-28; Page 4, lines 1-9]

INTERROGATORY NO. 4:

State all facts which support Sengoku's contention that Sengoku has trade dress rights in any kerosene heater sold or distributed in the United States including the identity of any person having knowledge of any such facts and the identity of any documents supporting any such claim.

RESPONSE TO INTERROGATORY NO. 4:

Sengoku sets forth its contentions with respect to its ownership of the trade dress rights in its KEROHEAT heater and packaging:

* * * * *

With respect to the issue of non-functionality, the brochures from Sengoku and its competitors world wide, which have been provided, show that there are a variety of configurations that are possible other than having a heater cavity in the upper left corner of the heater, which is the dominate feature of the Sengoku radiant heater configuration. Other features including the positioning of the ignition switch, wick adjustment knob, and emergency shut off. The variety of alternative designs show that the configuration used by Sengoku for its trade dress is not functional. Sengoku also claims its model number designations as an independently protectible [sic] part of its trade dress. Sengoku will show that the trade dress configuration acquired secondary meaning by showing the large sales volume of the configuration in the United States and the absence of any other manufacturer using the same or similar configuration of a heater cavity in the upper left hand corner at least since the mid-1980's.

* * * * *

APPENDIX L

No. 95-55990
DC Number CV-94-3197 ER(Ex)

IN THE
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

SENGOKU WORKS, LTD.,
Appellee,
v.
RMC INTERNATIONAL, LTD., a corporation,
MICHAEL RESMO, an individual,
JOSEPH MALAGA, an individual,
Appellants.

On Appeal from the Judgment of
The United States District Court
Central District of California
Honorable Edward Rafeedie

BRIEF FOR APPELLEE

R. Joseph Trojan, Esq.
L. Rae Connet, Esq.
J. Nicholas Gross, Esq.
Gordon E. Gray III, Esq.
TROJAN LAW OFFICES
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(310) 281-1662

Attorneys for Sengoku Works, Ltd.

* * * * *

[Page 20, lines 4-6]

The arrangement of the heater components (knobs, switches, controls) and the overall appearance (shape, color, location of grill, burner) was a matter of design choice, *Id.*

APPENDIX M

JURY INSTRUCTION: Trademark Ownership

* * * * *

The plaintiff, Sengoku Works, Ltd., seeks damages against the defendants, RMC International, Ltd., Joseph Malaga and Michael Resmo, for trademark and trade dress infringement. The defendants contend that the trademark and trade dress belong to the defendants, and therefore denies infringing the trademark and trade dress. To help you understand the evidence that will be presented in this case, I will explain some of the legal terms you will hear during this trial.,

A trademark is a word, a name, a symbol, a device, or a combination of them that indicates the source of goods or services. A trade dress is the overall appearance of a product that, in certain circumstances, can be protected because the appearance is closely identified with the owner's products. The owner of a trademark or trade dress has the right to exclude others from using that trademark or trade dress.

A person acquires the right to exclude others from using a trademark or trade dress by being the first to use it in the marketplace. Rights in a trademark or trade dress are obtained only through commercial use of the trademark or trade dress. The owner of a trademark or trade dress has the right to exclude from using the trademark or trade dress others unless it has been abandoned.

Once the owner of a trademark has obtained the right to exclude others from using the trademark, the owner may obtain a certificate of registration issued by the United States Patent and Trademark Office. Thereafter, when the owner brings an action for infringement, the owner may rely solely on the registration certificate to prove that the owner has the right to exclude others from

using the trademark in connection with the type of goods or services specified in the certificate.

In this case, the plaintiff, Sengoku Works Ltd., contends that the defendants, RMC International, Ltd., Joseph Malaga and Michael Resmo, have infringed plaintiff's trademark and/or trade dress. The plaintiff has the burden of proving by a preponderance of the evidence that plaintiff is the owner of a valid trademark/ trade dress and that the defendants infringed that trademark/trade dress.

* * * * *

On plaintiff's claim for trademark infringement, the plaintiff has the burden of proving each of the following by a preponderance of the evidence:

1. plaintiff began use of *KeroHeat* as a trademark;
2. defendant began to use the trademark thereafter in an area where plaintiff was selling the goods;
3. defendant's use of *KeroHeat* was without the consent of the plaintiff;
4. *KeroHeat* is inherently distinctive or has acquired a secondary meaning; and
5. defendant's use of *KeroHeat* is likely to cause confusion among ordinary purchasers as to the source of the goods.

Defendants own a federally registered trademark in the name *KeroHeat.* The Plaintiff contends that this registration should be cancelled because Defendant had no right to obtain the registration. Plaintiff must prove by a preponderance of the evidence that Defendant improperly obtained the registration, that is, that Defendant registered the trademark at a time when Plaintiff owned the rights to the mark.

Between a foreign manufacturer and its exclusive distributor, the law presumes that the foreign manufacturer is the owner or the trademark and/or trade dress unless there is an agreement to the contrary.

In private labeling, a dealer or merchant buys goods from a manufacturer and has the manufacturer apply the dealer's mark to the goods. Thus, a private label customer may own its own trademark or trade dress, even though it does not manufacture the goods. The fact that a manufacturer places a trademark or trade dress on a product does not give rise to ownership of that trademark or trade dress by the manufacturer.

Some factors you may consider in determining the ownership of a trademark or trade dress include:

1. the origin of the trademark, and which party (or its predecessor) used it first;

2. admissions by the parties as to which one owns the trademark;

3. any agreement between the parties as to the ownership of the mark;

4. whether Defendants have a valid registration of the trademark;

5. which party consumers understood to be the source of the goods identified by the trademark;

6. which party controlled the quality and design of the goods identified by the mark; and

7. any other evidence that tends to show which party is the owner of the mark.

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